



*Employers entrusted to deliver
Sustainability Growth Innovation*

Policy Kit

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

1 July 2024 – 31 December 2024

SGI 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,
- Postal services,
- Public service media,
- Telecommunications.

Modern public services and services of general interest (SGIs) 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 Hungarian presidency of the Council of the EU, aims to present key SGI Europe positions on the main files to be discussed at the EU level over the next six months.

SGIs for a Competitive, Sustainable and Just Europe

Ahead of the new legislative term, SGI Europe prepared its priorities for the next five years, including calls to:

- Meet the **investment challenge** and support the **EU's Open Strategic Autonomy**
- **Improve the Single Market and the EU Industrial policy**
- Set up **EU Public Goods**
- Create the conditions for **reviving the EU Social Dialogue**
- Anticipate **SGIs in times of scarcity**
- Develop **skills to address labour shortages**
- Ensure a **“human-centric” approach to AI** which leaves no-one behind
- **Level the playing field between public and private** undertakings

Boost the sustainable competitiveness of the EU

- As a cross-sectoral social partner with members active on a local, regional, and national level, SGI Europe recognises the need to **strengthen the competitiveness of the European economy**. The EU Competitiveness Deal should be based on a **long-term and bottom-up approach in which services of general interest (SGIs) are supported in providing the core services and infrastructures businesses need to innovate and grow**.
- **The Green Deal and circularity should be central in the debate on EU competitiveness**. SGIs are active in fields such as energy and water provision, public transport, postal services, media, telecommunications, waste management, housing, healthcare and education. As such, SGIs provide – on national, regional, and local levels – the core services and infrastructures that businesses need to develop innovative technologies that contribute to green and digital transitions and create competitive advantages for the European economy.
- As specified in Article 14 TFEU, SGIs are central in promoting EU social, territorial and economic cohesion. Therefore, **SGIs should be included as an essential pillar of the EU Competitiveness Deal to ensure that it not only increases the overall competitiveness of the EU but also strengthens the single market and local economy in all European territories**. This will boost social cohesion and the long-term sustainability of Europe's economic growth and competitiveness. For this reason, SGIs must be considered a structural component of Europe's competitiveness rather than actors that only come into play in situations of market failure.
- The **EU Competitiveness Deal should build on the rapid uptake of Projects of Common European Interest (IPCEIs) to establish European Public Goods** in healthcare, energy, and physical and digital infrastructures. SGIs are central to the realisation of European Public Goods through their provision of services, which all citizens benefit from, and their bridging of the public and private sectors.
- To enable SGIs to fulfil their potential as drivers of European economic competitiveness, SGI Europe calls for:
 - **A paradigm shift in EU competitiveness policies**, through which SGIs are to be considered as a structural component of competitiveness and productivity, as opposed to a 'necessary evil' intervening only in case of market failure;
 - **A targeted public investment plan for SGIs**;
 - **Better access to private investment for SGIs through a strengthened EIB and National Promotional Banks** and the creation of a level playing field for public and private companies;
 - **An enabling environment for providers of SGIs to join Important Projects of Common European Interest (IPCEIs)** and contribute to the realisation of European Public Goods;
 - **Full reflection of Article 14 and Protocol 26 TFEU in all secondary legislation**, taking into account local, regional and national specificities in the provision of SGIs;
 - **A reduction in administrative burden**;
 - **Equal treatment for all small and medium-sized enterprises**, regardless of their ownership status, guaranteeing a level playing field between public and private market actors and preventing discrimination against public SMEs stemming from applying the 2003 SME Definition (Commission recommendation 2003/361).
- **For the EU Green Deal to succeed, it must be socially fair, meet some conditions, and foster the social acceptance** of enterprise and its citizens. SGI Europe calls for the creation of the right platform in which EU social partners can actively implement the EU Green Deal and discuss the rollout of initiatives such as the Just Transition Fund and the Social Climate Fund.
- SGI Europe stresses the need to **quickly follow up on the recommendation of the European Commission's 2040 Climate Targets** to start a **structural dialogue and call for a Climate Dialogue with social partners** and continue to engage with industry and social partners within the Clean Transition Dialogue

Implement the EU Green Deal and the Fit for 55 package

- SGI Europe committed to the EU Green Deal as a growth strategy on the condition that SGIs are enabled to perform and recognised as a leading entity to drive this transition. **Reaching the energy and climate targets requires the socio-economic system to be completely remodelled to fit into the EU green reindustrialisation.**
- **Sustainability means long-term planning, secure investment strategies, political will and consistency** to enable a new competitive EU single market fit for the Green Deal. SGI Europe stresses the need to start a structural dialogue and call for a climate dialogue with social partners to be set up, as well as the continuation of the Clean Transition Dialogue.
- SGI Europe deems it essential to **set up a “Fit for Green Skills” package that guides enterprises, industries, and their workers to be ready.** This could include a new social observatory of the social consequences of climate change, which would add value to monitoring accessibility measures for services of general interest.
- **Recognise the investment challenge of the energy transition and prioritise ensuring** that energy becomes affordable and decarbonised first to enable all other sectors to follow their transition paths.
- **All EU funds must be technologically neutral** and support new potential EU supply chains and solidly existing supply chains in the EU to prevent their transformation in imports with the closure of factories in Europe and opening of factories abroad.
- A greening of the economy will be substantially encouraged through the **transport sector and the associated shift of traffic from road to rail and public transportation.** Providing financial resources for the public transport sector means simultaneously investing in sustainable mobility, jobs, and social participation.
- SGI Europe fully **supports introducing the Extended Producer Responsibility scheme as a key financial instrument for protecting water resources and wastewater treatment.** At the same time, the EPR scheme within the Waste legislation must significantly be improved and further adapted to show effects on the market and the environment.

Complete the Single Market

- The current shape and governance of the Single Market **fail to recognise SGIs as the foundation of the European Way of Life and consequently miss the opportunity to make all kinds of “citizens”** (from people to economic and social actors) **feel the benefits brought by the Single Market to their daily lives.**
- At a time when citizens' expectations are growing regarding the protective function of EU policies in areas such as access to health services, energy and other essential products and services at reasonable prices, there is a **clear need to foster innovation and competitiveness through competition policy.** We call for exploring new routes to **modernise the approach of EU economic law, to reconcile better free competition and the freedom to operate a company with common EU public goods** (in particular, high levels of health and environmental protection).
- The **Single Market was designed and established with the cohesion policy.** However, Jaques Delors' original intention to make those **two policies complementary and reinforcing each other partially failed.**
- Over the years, an artificial and misleading line was drawn between the Single Market and cohesion policies: the first became the **primary tool for a specific type of economic development and the relatively wealthier part of EU citizens** (those able to profit from the four freedom of movement genuinely), the second a **“corrective” measure to come in support of companies and citizens that were not able or willing to move.** That way, a growing separation was created between the “productive” and the “non-productive” parts of EU actors (companies or citizens).
- This artificial separation also led to a **growing divergence between EU Member States and Regions and citizens' discontent towards the EU institutions and policymakers.** This

divergence can be seen in many EU regions where citizens feel neglected. Within those regions, people believe they are worse off than they were in the past and worse off than others. This divergence is striking when we compare rural and urban areas' thoughts on EU institutions.

- The EU's response to the multiple crises Europe has faced tells us that a **paradigm shift is possible in several EU policies, with a new focus on solidarity and going beyond GDP**. This new setting makes rethinking the Single Market possible to reconcile Single Market and cohesion policies.
- However, it is crucial that this new perspective is not lost to an approach which seeks to maximise the EU's economic competitiveness without taking into account the impact on different territories within the EU. **The EU economy needs to be strengthened across all territories. Strengthening the competitiveness of existing economic hubs should not come at the expense of regional economies elsewhere**: this would undermine the principles of social, economic and territorial cohesion upon which the European projects are built.
- **Citizens should be able to exercise their freedom to stay: the right to contribute to the European economy in all EU territories without needing to move elsewhere** to be able to benefit from and contribute to the Single Market. **Accessible, affordable, and high-quality services of general interest** covering all EU regions, from urban centres to rural areas, are the critical **preconditions for citizens to exercise their freedom to stay**. Only a structured approach and constant investment in services of general interest can guarantee that this freedom is fully exercised and that **all territories are equipped with sound physical and social infrastructure**.

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, which are 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). The project will aim to strengthen the multistakeholder approach to facilitate the integration of migrants and refugees into the EU labour market, and it 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 integration of newcomers in the EU. On 19 December 2022, SGI Europe renewed its commitment to the multistakeholder approach by signing a joint statement with the European Commission and other social and economic partners, linking partners to provide skills and qualifications recognition, language training, **and integration services**.

Put the EU social model at the core of the enlargement strategy

- The **EU's unique social model has much to offer as a blueprint for ensuring the dignity and well-being of all individuals across the globe**. It is founded on principles that prioritise social justice, equal opportunities, and the protection of fundamental human rights and recognises that **economic prosperity should not come at the expense of human rights and social well-being**.
- The **European Social Model has led to many concrete achievements, as shown by Europe's high quality of SGIs and public services**. The EU legal acquis for SGIs is quite solid and transparent. They are an **integral part of the social market economy and fulfil the ambition of the EU to combat social exclusion and promote social and territorial cohesion**.

- These principles can serve as a guiding light for countries that seek to provide their citizens with the same opportunities. The European social model **emphasises strong labour protections and workers' rights**, with a critical role played by collective bargaining and solid social partners.
- We all witnessed how social partners were instrumental in setting up short-term work schemes during the pandemic. They are why we celebrate such strong employment rates in the EU today and why SURE succeeded.
- These principles can be applied globally to foster more equitable economic systems based on quality and inclusive social dialogue. The EU has also played a crucial role in advocating for global labour and social rights in an increasingly interconnected world. They have promoted international cooperation through organisations like the ILO and worked tirelessly to establish and uphold international labour standards
- Europe must lead by example, **addressing the challenges posed by globalisation, the climate transition, technological advancements, and demographic changes while maintaining its commitment to social justice**. Moreover, Europe must collaborate with other nations and regions to promote adopting similar principles and standards worldwide.

Develop an Action Plan for High-quality SGIs in Europe

- **Services of general interest must be given the appropriate value and means** to play a central role in the Single Market permanently and not as a “last resort” face to a market failure or an unprecedented crisis requiring public (most often state) intervention.
- For that organic and enabling role to be exploited at best, we need an **alignment on the SGI Acquis between primary and secondary legislation**. Article 14 TFEU, Protocol 26 TFEU and Article 36 of the EU Charter provide a robust legal basis for providing affordable and high-quality SGIs. We need to **improve the reflection of the latter through improved transposition at all levels, in full respect to the principle of subsidiarity as per Article 14 TFEU and Protocol 26 TFEU, to prevent the unnecessary fragmentation of policies affecting SGIs**.
- If the EU continues to promote only fragmented approaches to SGIs through sectoral legislation, it will **lack a coherent and holistic vision for SGIs**. We witness the emergence of a growing body of ECJ case law related to SGIs, where courts are called to fill the gaps left by the legislator on several aspects at the core of the definition and activities of providers of services of general interest. This leads to further fragmentation, uncertainty, and a legal loophole: the ECJ must not replace the legislator.
- To ensure policy coherence in the field of SGIs, we **call for putting forward an Action Plan for high-quality SGIs in Europe**. A starting point would be to develop Principles 16 to 20 of the European Pillar of Social Rights (EPSR), finally bringing back together services artificially separated by the EPSR, all being SGIs. The Action Plan would be a voluntary instrument that can prove its benefits when its principles are operationalised via existing tools, such as the European Semester. The Action Plan would, therefore, detail how to bring the principles of the EPSR to life.

Deliver a Water Resilience Initiative

- There is no resilience in Europe without a water-resilient Europe. **We call to deliver the Water Resilience Initiative** as soon as possible as a first step towards an ambitious water strategy. **Europe's freshwater resources are under increasing pressure**, intensified by climate change, putting society, ecosystems, and economic development at risk.
- Water is a critical resource to ensure economic, societal, and environmental sustainability in Europe. The **Water Resilience Initiative would provide a framework that reduces competition risks over this strategic resource**, securing water of the right quality at the right time for all. In addition, **water efficiency is a crucial asset for European competitiveness and strategic autonomy**.
- A broad consensus has emerged, highlighting the need for a coherent and comprehensive water strategy. The European Council, in two resolutions in 2021 and 2023, highlighted the

“strategic importance of water and the need to act”. The European Council also voted on comprehensive and bold water commitments and submitted them to the UN 2023 Water Conference. This strategy cannot be delivered without a dedicated Water Resilience Initiative.

- As Europe proposes to be the frontrunner, we urgently call for a Water Resilience Initiative to be delivered, as committed, and **make water a top priority for the next mandate of the European institutions.**

Strengthen the resilience of the EU

- **There is an urgent need to protect EU critical infrastructures.** The Council Recommendation on a coordinated approach by the Union to strengthen the resilience of critical infrastructure 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). Several high-profile attacks on critical infrastructures across Europe have taken place since.
- The preparedness to face such threats 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 that could be used for future attacks on its infrastructure.** Any obligations for sharing data must accommodate national differences in the designation of critical infrastructures.

Improve the provision of skills and address labour shortages

- **The EU’s high-quality and inclusive education and training are one of its biggest strengths and are 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, **labour shortages must be addressed on an equal footing with the investment needs. The conclusions of the European Year of Skills** 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.
- **Among the core findings of our project “Green Skills in VET”** (which focused on the water, energy and transport sectors), **diverse challenges were highlighted.** 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. **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 practically implement the political ambitions for 2040.

- 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.**

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.** Solid 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 mandated by their constituents. This difference should be recognised across the EU, and situations where this confusion is used to drown out the voices of social partners must be prevented.
- 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 promote collaboration with the EU social partners to implement social partners' agreements better and provide appropriate support. 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.
- SGI Europe calls on the Belgian 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.