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EDITORIAL

Europe sovereign's debt and the case of Greece

Under pressure from financial markets and the anxious eye of the European Central Bank, the members of the Euro area decided at their Summit on July 21st, 2011 to review the conditions of public funding granted to countries closest to payment default. Meanwhile, citizens appear to be increasingly worried both in lending and borrowing countries.

In Germany, the future of the Euro had eclipsed the issue of unemployment on the eve of the EU summit. German taxpayers fear the creation of a "Transfer Union" which would subsidize the rescue of insolvent countries. In Greece some people have begun to compare the inter-

Despite the efforts of the Eurozone countries, the debt burden has still not been reduced enough for Greece and the debt crisis threatens to spread to Spain and Italy. Whose fault is it? Or, rather, where can sustainable and secured solutions be found?

In its refinancing plan, Greece was forced to implement drastic austerity measures:

- A cut of 150 000 jobs by 2015 for about 700 000 public sector jobs;
- A cut on pensions by 7% on average;
- A rise of the retirement age from 60 to 67 years by 2014;
- The creation of a 1% to 4% solidarity tax depending on income;
- A VAT increase from 13% (before the crisis) to 23%.

Under these conditions, how can recovery in economic activity and growth be ensured? According to forecasts for 2011, Greek GDP is expected to decline by 4.5% over 2010.

"Without long-term vision, it will not be possible to convince taxpayers of the price to pay to protect the Euro."

It is urgent that Europe, particularly the countries from the Eurozone, realize the need to establish a binding framework, not only for countries requesting support. It is the only way to deal with differences in terms of competitiveness and produc-

national budget supervision with a new dictatorship and protests are increasing in Athens, while the political situation remains fragile.

"Managers in an economy in crisis" is the title given by the CEC European managers to its next conference to be held on Friday, October 7 in Athens. Interpretation will be provided in English, French and Greek.

Admission to this conference is free of charge but subject to availability.

Registration must be done before September 23rd 2011, through Mrs Ould: ould@cec-managers.org.

The programme is available on the following link: <http://www.cec-managers.org/our-agenda/cec-conferences/conference-2011.html>

tivity. Growing economic differences between stronger and weaker Member States in the Eurozone will increase political, economic and monetary tensions in the single currency management.

Without long-term vision, it will not be possible to convince taxpayers of the price to pay to protect the Euro. Especially since new financial governance regulations make investors even less inclined to turn to long-term strategies. To avoid economic stagnation, investments should be preferred rather than a “transfer” which would only stabilise public finances. If they want to se-



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cure the recovery, policymakers should not overlook the growth factors.

What role do managers have to play in these difficult economic times?

This is the question that CEC will try to answer at its annual conference on October 7th, 2011 in Athens. BusinessEurope and Greek employers are invited, but also representatives of ETUC, of the Greek trade unions, and the European Economic and Social Committee. CEC experts from Germany, Sweden, Portugal and Italy will highlight the respective national situations, giving the views of managers’ organizations.

Georges Liarokapis,
CEC President



The first European Semester: achievements and perspectives

A few weeks after the conclusions on the first European semester of economic policy coordination were published, let us have a closer look on this new working method.

As stated by the European Council in its conclusions on 23-24 June 2011, the European semester has the potential to become an effective governance method: it ensures that key economic priorities are discussed at EU level before Member States decide unilaterally on the orientations for their fiscal and economic policies, as well as their national budget and structural reforms scheme. The coordination of economic policy through successive stages led at national and EU level constitutes a clear progress towards a collective answer to global economic challenges. It is the right path to end the shortcomings in decision-making revealed by the economic and financial crisis.

The final stage of the coordination process is the adoption by the European Council of country-specific recommendations. However, the extent to which Member States will actually take over these non-binding recommendations is subject to uncertainties. As stated by the European Council for countries in the Euro-Plus Pact: initial commitments are a good first step,

but the weight they have on national policies could be widely strengthened. Member countries of the Euro-Plus Pact should have a more practical and ambitious approach for the next semester.

This first European semester is part of a wider scope of ten-year economic programme. In this perspective, the



working method must be fully supported by citizens, public authorities, as well as economic stakeholders. We now stand at a turning point: it is time for Member States to put into practice the Commission's recommendations and fulfil their commitments. An assessment of the progress in March 2012 will enable the Commission to measure the degree of determination of the Member States.

In these difficult times both economically and politically, Europe still faces a systemic crisis. This threatens not only individual Member States, but also the stability of the whole Eurozone. Stronger solidarity among Member States is necessary. It can



only come with stronger convergence conditions. Social partners also have a role to play by following up the way public authorities at national level and European institutions are addressing the challenges of unemployment, competitiveness, sustainable pensions systems and inclusive growth.

For further information:

- the Commission's communication

concluding the European Semester:
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2011:0400:FIN:EN:PDF>

- the Council's conclusions on 23/24 June 2011:

http://www.consilium.europa.eu/uedocs/cms_data/docs/presdata/en/ec/123075.pdf

Corporate governance

Corporate governance, as well as corporate social responsibility, are key elements in building citizen's trust in the single market. Well run companies are also best placed to contribute to the competitiveness of the EU. Thus, on 5 April 2011, the European Commission has launched a public consultation on the revision of the EU corporate governance framework, aiming at increasing the effectiveness of the current rules for European companies. Indeed, the economic and financial crisis showed that supervision was not as effective as it should be and that the application of the corporate governance codes was unsatisfactory (in particular regarding excessive risk-taking and harmful short-termism).

The Green Paper focuses on three elements, identified as most relevant to good corporate governance: board of directors, shareholders and the enforcement and monitoring of na-



tional corporate governance codes.

In line with the guidelines for good corporate governance defined in its conference in Porto in 2005, to improve the quality of decision processes and organise the corporate social bodies for a good balance between

independence and competence, CEC stressed some specific points in its response to this consultation:

- the role of the EU should be limited to monitoring and benchmarking the development of the national corporate governance systems;

- a clear division between the respective duties of the chairperson of the board of directors and of the chief executive officer must be encouraged;
- the recruitment of directors must stay in shareholders and decision-makers' hands;
- a diversity policy implemented by companies must be promoted (especially with regards to gender equality);
- the involvement of employees in

the internal evaluation of the boards should be primarily promoted instead of boosting external evaluation;

- employee share ownership should be encouraged;
- the Commission's approach towards a more binding application of the principle « comply or explain » would alter fundamentally the mechanism.

In the follow-up of this Green Paper, CEC will pay attention to the ba-

lance between the need to improve corporate governance mechanism and the need to avoid disproportionate burdens for companies.

For further information:

- Check the CEC responses to the European public consultations on the CEC website (Green Paper on corporate governance and Green Paper on the modernisation of the Professional Qualifications Directive).

Greening our work environment



On May 13th, 2011, CEC attended the first dialogue on climate change between the European social partners and the Commission services (DG Employment and social affairs, Climate action, Transport and mobility, Energy, Enterprise and industry). This high-level meeting initiated a new thematic among the European social dialogue: it aimed at discussing the current initiatives of the social partners, as well as future challenges and opportunities in building a low-carbon European

economy. Indeed, climate change has consequences on employment and social policies. Decarbonisation initiatives impact directly on jobs characteristics, labour market trends, skills needs and working conditions.

This first meeting paved the way for regular exchanges between all stakeholders in the next months and years, especially in the framework of the Liaison Forum (the European Commission meetings with actors of the sectoral social dialogue). The so-

cial partners could be further involved in public consultations, but also in the impact assessment preceding any new relevant European policy (as stated in the new White Paper "Transport 2050" for example).

Social partners have an important role to play in addressing environmental issues in order to deliver EU climate goals. Besides national and European policy initiatives, social partners have already launched their own initiatives, thus developing a strong expertise (such as, own sectoral roadmaps, emission reduction initiatives, training sessions). They are also best placed to follow up climate-related social and employment issues, in particular via specific sectoral committees (on agriculture, the chemical industry, construction...).

Nevertheless, concrete challenges still remain to be addressed on the way to a low-carbon future: investments must be coherent at national and EU level to ensure efficient actions and synergies; relevant policies must be smartly designed to anticipate future trends (regarding training needs for example); industrial changes and restructurings must be better accompanied

to successfully develop new “green” activities. Addressing these challenges will result in a complete change of perspective, from reacting to transformations to shaping the transition to decarbonisation. They constitute key issues as much for environmental and living conditions as for future European economic competitiveness.

In this context, CEC and its national member organisation should engage themselves on a low-carbon development pathway. Managers and executives are in the front-line to improve communication, raise awareness, share experience and make commitments within their companies towards greener economy and society. Having more workplace

initiatives would give a strong signal of the efficiency of the social dialogue. The success of policies and strategies addressing climate changes are partly in the hands of employees and managers, who can directly contribute to reducing CO2 emissions within their companies.

WdF - Austria

Become ‘Sustainable Entrepreneur of the Year 2011’ with your company. Compete for the SEA – the Sustainable Entrepreneurship Award!



Each and every one of us bears responsibility for society, and now is the time to rethink our role in the future of us all. With the support of our Austrian member WdF the Vienna-based SEA-initiative is looking for the European Sustainable Entrepreneur of the Year 2011.

The aim of the SEA is to give recognition to companies that are already implementing sustainable entrepreneurship and setting an example for society and industry. They form the nexus that other companies can look to for inspiration. Sustainable entrepreneurship spawns completely new approaches and ideas, in perfect harmony with society and the envi-

ronment, as well as with business success. SEA founder Christina Weidinger: “If we can infuse our behaviour and business activities with more sustainability, then we have taken a big step towards achieving an economic and social order that is well equipped to face the future. Let’s dare to strive for utopia. Be a part of the SEA, and help us and the renowned public figures involved to turn this award into something great.”

The ten best projects will be presented to the public at a gala event in Vienna in April 2012. The most

impressive project will be awarded € 10,000; submission deadline is 31 December 2011. We look forward to your submission and to showing the world how strong the sway of sustainable entrepreneurship already is. Further information on: www.se-award.com.