CIP
CONFEDERATION OF PORTUGUESE BUSINESS

CIP@EU - Newsletter #1

January 2021

Welcome to the launch of CIP@EU – a newsletter published by the Brussels Delegation of CIP – The Confederation of Portuguese Business. CIP is the largest and most representative Employers Confederation in Portugal. We are the voice of over 150,000 companies, with 1,8 million employees and a turnover of over 70% of the Portuguese GDP.

Our newsletters will feature CIPs policy positions and main activities. In this first edition, we will present to you:

- our new paper with key messages to **the Portuguese Presidency,**
- an opinion article on the **EU social policy,**
- an opinion article on the **EU-Mercosur Agreement**.

If you have any comments or questions, please do not hesitate to contact me or my colleagues directly. We also invite you to visit our website and follow us on LinkedIn.

I wish you a pleasant reading,
Joana Valente
Head of EU Office

CIP priorities for the Portuguese Presidency of the Council of the EU

European companies are facing long lasting difficulties in face of a pandemic which only now is reaching its pick. There is reason to be positive with the start of the vaccination plans. But in the meantime, many companies have collapsed, and many more are using all available reserves to stay afloat in face of continued confinements, restrictions, and generalised slowdown in economic activity.

The **finalisation of the national Recovery and Resilience Plans is of utmost urgency**, while it must be ensured plans are future oriented to support a sustainable and inclusive recovery. **Partnership Agreements and Operational Programmes must also be concluded swiftly**. The design of the programmes must take into consideration the severity of the situation we face: procedures must be fast and simple, and cofinancing rates used to its maximum limits.

Not all is about financial measures: more than ever, companies must be spared from unnecessary administrative and compliance costs, existing barriers in the EU single market must be addressed, and a level playing field ensured. It is also important to balance our ambitions against the new reality. The green and digital transitions are certainly the answer to our medium to long term growth, and these agendas must be pursued. However, the outcomes we aim at achieving cannot be accomplished overnight, so we must continue supporting the economic reality we have today.

The Portuguese Presidency will have great responsibility to operationalise the decisions reached during the German Presidency. In this paper, CIP presents its views on these five broad areas, and shares recommendations as well as concerns from the Portuguese business community.

Contact: Joana Valente

The road towards a Social Europe

Europe is one of the best places to live and work in the world and Portuguese companies are great supporters of the European Social Model. This is a distinctive mark and an asset of European countries. But if we want to protect the European Social Model and present it as an example to be followed by the rest of the world, we need to be able to safeguard and improve it. CIP believes that the development of this model depends on the improvement of labour markets and social systems in all Member States, giving space to solutions promoted by social dialogue at community and national level.

In this sense, the Action Plan for the implementation of the **European Pillar of Social Rights** is particularly relevant. It is crucial that the Action Plan does not ignore that the economic dimension is essential to ensure the future of the EU. In fact, Europe's social problems are not due to a deficit in social policy, but rather to lack of competitiveness. The EU social acquis is one of the most developed in the world, covering more than 70 directives that protect workers and give rights in key areas, including equal treatment, working conditions, health and safety, information and consultation and social protection, just to mention a few. Europe has unparalleled investment in social safety nets – whereas in Europe, 80% of workers are eligible to unemployment benefits, only 30% are potentially eligible in the rest of the world. The EU has the highest level of expenditure on social protection, with 29% of GDP compared to just above 20% in Japan and below 20% in Australia or Canada*.

Regarding the European Commission proposal on the EU framework directive on **minimum wages and collective bargaining**, CIP – together with its European organisation BusinessEurope, has expressed strong reservations. This is contrary to the letter and spirit of the EU treaty, as these are matters for the Member States and the Social partners, in accordance with the principle of subsidiarity. The proposal disrespects the diversity of existing industrial relations systems, the autonomy of Social Partners, and contradicts the division of competences between the EU and Member States. The proposal also promotes division between Member States, especially at a time of crisis where unity and cohesion are required, as it is contrary to the majority opinion of Member States who are in favour of a recommendation. The option for a Directive means that the Member States will have to transpose it to the national level, therefore the EU Court of Justice will now have jurisdiction over exclusively national collective agreements, undermining a fundamental characteristic of social dialogue systems: independent collective bargaining between organizations representing employers and unions.

Companies support the European Social Model and are available to engage in a dialogue that will, in a sustained way, improve the living and working conditions of European citizens. CIP is prepared for a constructive dialogue around a model that promotes the social and economic development of all Europeans!

*Data from BusinessEurope based on ILO.

Contact: Luís Henrique

The EU-Mercosur Agreement must be finalised

The ratification of the agreement signed in June 2019 between the European Union and Mercosur remains difficult to achieve. Business confederations in the two regions believe that this delay may call into question the potential of the opportunities offered and call for “rapid” ratification.

After 20 years of negotiations, the European Union (EU) and Mercosur concluded, in June 2019, an agreement between the two blocs. However, more than a year later, and under various resistance, the agreement has not yet been signed. In this context, business confederations from the two geographic regions have come to call for a “quick” ratification of the EU-Mercosur agreement, warning that the delay in the respective signature may jeopardize the use of the full potential of the opportunities provided. The appeal was made on November 26, through a joint declaration by the business confederations of Argentina, Brazil, Paraguay and Uruguay, countries that make up Mercosur, and BusinessEurope, at the initiative of CIP. The declaration emphasizes that "the agreement provides excellent opportunities for the economies and societies of both parties", adding that "its importance is crucial not only for strategic and economic reasons, but also from the point of view of sustainability". They also stress that the business opportunities created by this agreement "will also be important and urgent for the recovery of the shocks created by the pandemic COVID-19".

This is the biggest agreement ever negotiated by the European Commission, providing for the elimination of practically all tariffs that currently apply in the trade between the EU and Mercosur. European companies can also benefit from greater facilitation in the provision of services under fair and competitive conditions vis-à-vis Mercosur companies, also with regard to access to public tenders and contracts.

In recent months, some critical voices have emerged regarding its terms. Among them, the European Parliament, which, last October, passed an amendment that warns against ratifying the pact "as it stands". A point of criticism of the current agreement is the fear that it will fail to ensure environmental protection in Mercosur countries. In recent months, the increase in deforestation and forest fires in the Amazon has been causing criticism from European leaders, which has already led some European countries to take a stand against ratifying the trade agreement with Mercosur while the Brazilian Government fails in protecting the environment.

In the opinion of CIP, BusinessEurope and many other European countries, the agreement is one of the most advanced in the EU in terms of Sustainable Development and is therefore a guarantee of compliance with international agreements in this area, namely the Paris Agreement.

Contact: Patrícia Gonçalves