

In this week's issue:

- **Europe:** Winter energy crunch could lead to plant closures
- **Technology:** UK to investigate use of AI in job interviews
- **Belgium:** Details of the new “labour deal”
- **Brexit:** Businesses calls for help over post-Brexit labour shortages
- **Pay:** EU pushes up inflation forecasts amid war pressures
- **Platform Economy:** Fallout from Uber leaks hits proposed EU law
- **Future Work:** Remote work drove productivity gains
- **Data Privacy:** Senior FCC member goes after TikTok + EU Commission red-faced?
- **BEERG Bytes:** New episode on Supply Chain Due Diligence

Europe: Winter energy crunch could lead to plant closures

While much of Europe tried to cope this week with an unprecedented heatwave, with temperatures topping 40C in many places for the first time, European governments were warned that they would be facing into an energy crisis this winter because of the Russian invasion of Ukraine.

In a [paper](#) published this week, the International Energy Agency warned:

The world is experiencing the first truly global energy crisis in history. And as the International Energy Agency has been warning for many months, the situation is especially perilous in Europe, which is at the epicentre of the energy market turmoil.

The gas crisis in Europe has been building for a while, and Russia's role in it has been clear from the beginning. In September 2021 – five months before Russia's invasion of Ukraine – the IEA [pointed out](#) that Russia was preventing a significant amount of gas from reaching Europe. We [raised the alarm further](#) in January, highlighting how Russia's large and unjustified reductions in supplies to Europe were [creating “artificial tightness in markets”](#) and driving up prices at exactly the same time as tensions were rising over Ukraine.

The problem will be particularly acute in Germany, whose economy is highly dependent on Russian gas. As the [Financial Times reports](#) the country is currently gripped by a debate over who should have priority in a possible energy shortage, companies, or consumers. Under existing EU rules, private households, and critical infrastructure such as hospitals and old people's homes are protected from gas shut offs, while industry is not.



But Karl Haeusgen, head of the VDMA, the German mechanical engineering association, told the *FT* that “If it comes to a gas shortage, everyone will have to reduce their consumption, and that includes residential customers ... This whole approach that private households have priority and industry will just have to make do — it doesn’t work ... Industry is existentially important for society.”

Fears of a looming energy crisis have been mounting since last month when Gazprom, the Kremlin-controlled gas exporter, reduced flows to Germany through the critical Nord Stream 1 pipeline by 60%. Then last week it shut down the pipeline for scheduled maintenance. There are now concerns that the pipeline will not come back online when the repairs are completed this week.

If that happens, the country will fail to fill its gas storage before winter and industry will almost inevitably face rationing. That could lead to cuts in production and even plant shutdowns.

Last week, economy minister Robert Habeck called for a rethink of the prioritisation rules, which were, he said, designed for short-term disruptions such as a power station outage — not the scenario Germany now faces.

As we write the EU is releasing its [gas demand reduction plan](#) for the coming winter. We will look at it in detail next week.

This afternoon, Thursday July 21 at 9 am EST/1500H CET, HR Policy Global is hosting an informal discussion among members on European energy contingency planning. For details click [HERE](#)

Technology: UK to investigate use of AI in job interviews



The UK’s Information Commissioner John Edwards has announced an investigation into the use of AI in job interviews amid concerns that companies could be deploying such technology “without doing due diligence.” He noted concern that there could be inherent biases based on gender, race or neurodiversity that meant applicants could become victims of automated discrimination.

“Companies may be deploying some of these applications without doing due diligence and asking the questions about how they are filtering candidates, for example, based on voice,” he told *The Telegraph*. “Companies should be asking questions. How does it treat neurodiverse applicants? How does it treat people with hearing impairments, or speech impediments? How does it treat different ethnic groups? And if they are not satisfied with the answers they’re getting, then they’re risking data protection consequences, but they’re also risking other liabilities. Most fundamentally, they’re risking not getting the best person for the job.”

Zahira Jaser, an assistant professor at Sussex University who specialises in the area, said there was strong evidence that AI technologies could contain bias that can exclude some categories of jobseekers. *The Telegraph* notes that organisations including Deloitte, National Grid, Tesco, Jet2, Grant Thornton, AstraZeneca and Channel Four have used technology from Hirevue, a US company, to analyse language and facial expressions during their recruitment process.

The interaction between the GDPR and privacy, AI, and employee information and consultation is on the agenda for our BEERG Network Meeting in Brussels on Sept 28/29. Booking Details [HERE](#)

Belgium: Details of the new “labour deal”



Chris Engels and his colleagues at *Claeys and Engels* write: On 15 February 2022, the federal government announced that it had reached an agreement on labour market measures, the so-called “labour deal”. The government has transmitted the finalized texts to the Parliament on 7 July 2022 for approval.

As of now, the Parliament has not yet approved these texts. It is to be expected that the final texts will enter into force in Autumn 2022. What will this labour deal change in the field of human resources and which impact will this labour deal have on the daily practice of companies?

You can read the report via [THIS LINK](#)

Brexit: Businesses calls for help over post-Brexit labour shortages



The British Chambers of Commerce has asked the government to overhaul the post-Brexit list of occupational shortages, after warning many companies were struggling to recruit workers.

In a letter to Kevin Foster, minister for safe and legal migration, that has been seen by the *Financial Times*, the BCC urged the government to work with businesses to solve record levels of recruitment problems.

More than 60% of companies told the BCC they needed to find more staff, according to a survey of over 5,700 businesses. But more than three quarters of groups seeking to recruit reported difficulties in hiring, the BCC found. The construction sector reported the most severe recruitment challenges, with 83% of businesses reporting difficulties. Many companies blame the worker shortage on Brexit, which has stopped workers from the EU plugging gaps in the economy, and the pandemic, which has led people to reassess their priorities.

BCC director-general Shevaun Haviland wrote that restaurants were able to open only a few days a week “because they can’t get chefs”, while construction firms [were] unable to find specialist groundwork drillers . . . and IT firms cannot recruit cyber security experts”.

Meanwhile, confidence among US companies with British operations has slipped over the past year because of poor UK-EU relations after Brexit, concerns about labour shortages and rising corporate taxes, according to new research.

A survey of 54 US-based companies operating in the UK for British American Business, a transatlantic trade association, found 20% said their confidence in the UK was increasing, compared with 25% last year. On a scale of 1 to 10, the average confidence rating among the US companies was 7.3 in 2022, down from 7.8 in 2021.

The survey, conducted by Bain & Company in April and May this year, found the failure to build a constructive relationship between London and Brussels since the UK left the EU had a negative impact on sentiment. “What US companies want is clear: to attract future investment, US investors want the UK government to repair its political and trade relationships with the EU,” said the report.

Pay: EU pushes up inflation forecasts amid war pressures



The EU has lifted its forecasts for inflation this year and in 2023 while cutting back its growth outlook, as the energy crisis fuelled by Russia's war in Ukraine continues to hit Europe's economies.

Inflation is now predicted to hit 7.6% this year in the eurozone, according to the European Commission, compared with the previous forecast of 6.1%. It will fall to 4% next year, still far above the European

Central Bank's 2% target and significantly higher than the prediction of 2.7% in its spring forecast.

Growth in gross domestic product will be weaker than previously forecast in the euro area, at 2.6% this year and 1.4% in 2023. Growth across the wider EU will be 2.7% this year and 1.5% in 2023.

"Russia's war against Ukraine continues to cast a long shadow over Europe and our economy," said Valdis Dombrovskis, executive vice-president at the commission. "We are facing challenges on multiple fronts, from rising energy and food prices to a highly uncertain global outlook."

Inflation is expected to be highest this year in the Baltic states, with Estonia and Lithuania both forecast to have 17% year-on-year price growth, while Poland, Hungary, Romania, and the Czech Republic are also expected to face double-digit price increases.

- *In France, calls are growing to extend the cap on tax-free overtime hours from €5,000 to €7,500 to help with the cost-of-living crisis.*
- *In the UK, the "Summer of Strikes" looks set to continue with trade union leaders calling for strike votes after the government unveiled below-inflation pay rises for millions of public sector workers. The cabinet this week signed off wage rises covering 2.5mn public sector workers at about 5% on average. Inflation is running at a 40-year high of about 9%. Figures from the ONS show that real regular pay is down by 3.7% (CPI) compared to this time last year. This is the sharpest annual fall in real wages since current records began in 2000.*
- *In Belgium Ryanair pilots are planning a series of rolling strikes in an attempt to have pay restored to 2019 levels.*

Platform Economy: Fallout from Uber leaks hits proposed EU law



As we suggested in [last week's newsletter](#), the Uber lobbying revelations in the *Guardian* and other newspapers have impacted the debate in European law-making circles over the proposed Directive on the status of platform economy workers. The European Trade Union Confederation (ETUC) has called for suspension of all discussions on the Directive until such time as the Uber allegations are fully investigated. [here](#).

"The Uber files, if the news is confirmed, demonstrate how urgently we need to protect vulnerable workers from abusive business models", said centre-left MEP Elisabetta Gualmini, the rapporteur on the file in the Parliament, adding that they "prove again that it is time to close the legal loopholes some platform companies abuse."

"I am not surprised [by these revelations]. It's a confirmation of what we've been seeing," said French left-wing MEP Leila Chaibi, accusing some of her right-wing colleagues of taking up word for word the arguments of the delivery platforms.

Centre and centre-right MEPs are pushing back against the proposal from Gualmini that the law should regard all platform workers as employees, unless platform companies can conclusively show that that are genuinely self-employed. They believe that the presumption of employment would kill the sector and the jobs it is creating. Further, many platform workers do not want to be classified as employees, preferring the to remain self-employed.

The Parliament will debate the proposal in October, while the Czech Presidency of the Council of Ministers hopes to have the law adopted by the end of this year.

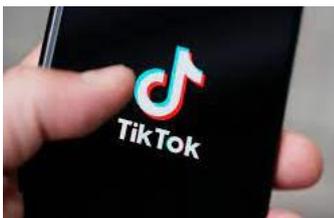
Future Work: Remote work drove productivity gains



A new [study](#) says US economic productivity during the pandemic was driven entirely by companies with remote work capacity. The research co-authored by Robert Gordon (photo) of Northwestern University and Princeton University's Hassan Sayed indicates that productivity in services businesses with remote working capacity, which includes information and finance, grew 3.3% between the beginning of 2020 and early 2022.

Meanwhile, growth in the goods sector, in employment including construction and mining, was unchanged and services industries that necessarily required in-person contact contracted by 2.6%. "WFH respondents assess their own productivity as substantially higher than their expectations, which may provide a comparison between productivity of WFH activity compared to the productivity of the same individuals in their previous office environments," the authors wrote in the paper published by the National Bureau of Economic Research.

Data Privacy: Senior FCC member goes after TikTok + EU red-faced?



[Derek Mooney](#) writes: In a strongly worded letter sent on June 24th, Brendan Carr the senior Republican on the U.S. Federal Communications Commission (FCC) requested Apple and Google to remove TikTok from their app stores, citing its "*pattern of surreptitious data*" and accusing the Chinese video sharing App, which is popular with youngsters, of "...*harvesting swaths of sensitive data that new reports show are being accessed in Beijing.*" Carr shared his letter on Twitter a few days later in a series of [tweets](#), saying that:

"TikTok's pattern of misrepresentations coupled with its ownership by an entity beholden to the CCP (Chinese Communist Party) has resulted in U.S. military branches and national security agencies banning it from government devices."

He highlighted that bipartisan U.S. political leaders in both the Senate and House had flagged similar concerns adding that:

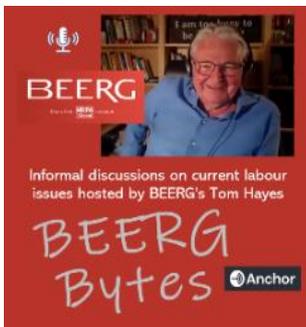
"The CCP has a track record longer than a CVS receipt of conducting business & industrial espionage as well as other actions contrary to U.S. national security, which is what makes it so troubling that personnel in Beijing are accessing this sensitive and personnel data."

Meanwhile... there were red faces in Brussels this week when it emerged that the EU Commission is facing a lawsuit over claims it violated its own data protection rules by transferring citizens' personal data from one of its websites to the United States. Though the Commission, and other EU institutions, are exempt from the GDPR, they are covered by [Regulation 2018/1725](#) and the provisions of the Schrems II judgement.

The claim is being taken by a German citizen who claims that the Commission's website on the *Conference of the Future of Europe* failed to disclose sufficient information on its data processing practices. The website was launched to encourage EU citizens to engage in the discussion on the future of the EU including online webinars and surveys. See this [Euractiv article](#) on the case, for more.

We can hope that this case may spur someone in the EU Commission to reflect on the question which BEERG has posed several times: *should every data breach constitute an offence? Shouldn't an offence (and fines) only result from deliberate misconduct, and shouldn't the authorities be required to prove actual misconduct?*

BEERG Bytes: Video and Podcast on Supply Chain Due Diligence



The latest BEERG Byte (No 4)) is available to view and hear right now. It features a discussion with our very good friend and colleague Auret Van Heerden on how companies can meet the due diligence expectations of the supply chain laws in a way that is scalable and affordable.

As Auret explains, there are more “know and show” laws being introduced, some on specific topics like child or forced labour, and most cover the whole supply chain and this can be challenging for a company with a large footprint.

It is available on the HR Policy [YouTube Channel](#) and on the old BEERG website www.beerg.com/beergbytes it is also available as a Podcast via your favourite [Podcast](#) search engine – search for “BEERG Bytes”. See: [Spotify](#) / [Google Podcasts](#) / [Apple Podcasts](#) / [Anchor RSS](#)

THE BEERG AGENDA:

Note that BEERG events are now 'in person' unless listed as a webinar

HRP Global: European Energy Crisis – Group Discussion Webinar July 21, 9am EST/1500H CET

HR Policy Global is organizing a brief informal, online discussion among BEERG/HR Policy Global members on European energy contingency planning as fuel supplies are shut down in response to the Russian invasion of Ukraine and the suggestion that energy rationing may be an issue later in the year.

[Energy Crisis Webinar](#)

Impact of Inflation & Uncertainty on Annual Incentive Design Webinar July 26, 12 noon EST

This HR Policy webinar will dive into the challenges employers faced evaluating performance for 2022 and focus on potential strategies employers may want to consider related to the performance metrics and targets of their 2023 incentive plan design in light of continued inflationary periods and sustained economic uncertainty.

[Book July Webinar](#)

BEERG Members' Network Meeting Pullman Hotel, Gare du Midi Brussels Sept 28/29

Attendance at the September BEERG Network Meeting in Brussels is open to BEERG members, HR Policy Global members. Click link on right to book a place at the meeting.

You can find draft agenda outline and accommodation booking form via this [BROCHURE](#).

[Book Sept Meeting](#)

BEERG Training: Managing European Employee Relations Hotel Estela Sitges: Oct 18-21

Over the past fifteen years, hundreds of executives have participated in our twice yearly BEERG training programs. We have radically restructured our program to include a twin track component offering participants a tailored choice of modules.

Download the training brochure and draft course schedule [ONLINE HERE](#).

[Book Oct Training](#)

*BEERG/HR Policy Global Members can self-register online for these events via the links supplied. Members who get the "No Tickets Available for Purchase" message online should contact [Derek](#).

BEERG Dates for your Diary:

Date	Event	Booking Links	Venue
July 21	HRP Global: European Energy Crisis – Group Discussion	Book July Webinar	Webinar on Zoom
July 26	HR Policy Webinar: Impact of Inflation & Uncertainty on Annual Incentive Design	Book July Webinar	Webinar on Zoom
Sept 28/29	BEERG Members' Network Meeting	Book Sept Meeting	Hotel Pullman, Gare du Midi, Place Victor Horta 1, 1060 Brussels
Oct 18 - 21	BEERG Training: "Managing European Employee Relations"	Book Oct Training	Hotel Estela, Port d'Aiguadolc, Sitges, Barcelona, Spain