4 June 2013

Joint Statement
for the
June 2013 European Council

The June European Council is set to pave the way on how to move forward to achieve the 20% of GDP industrial share target, proclaimed by the Commission Communication "A Stronger European Industry for Growth and Economic Recovery". Europe must become more competitive. We believe that the results of this European Council must be to outline a programme which will lead to attracting companies to invest more in Europe, to build the factories of the future and thereby create new jobs here in Europe. The focus of the European Council must therefore be on making industrial policy the core policy of the EU rather than one of a string of what have turned out to be failing policies, which have progressively undermined the will and capacity of manufacturing companies to invest in the EU.

CEEMET and ORGALIME, believe that our industrial sector, which represents the largest manufacturing sector in Europe, with over 200,000 companies and an annual turnover of more than 2,700 billion €, directly employing 13 million people, is at the heart of the transition towards a stronger and greener European economy through the technologies, equipment and systems which our companies produce for their clients in all sectors of the economy.

While we have published a manifesto covering all policy areas, for us, the key issues which need to be dealt with to attract more manufacturing investment to Europe are:

- An investment friendly and predictable regulatory framework in Europe
- Less and better regulation
- Ensuring competitive labour markets

An investment-friendly and predictable framework in Europe

Adopting an industrial policy will require a radical change in the way the EU institutions and member states approach the economy. Little has been done since the creation of the internal market that is a direct boost to Europe's manufacturing industry. In recent years legislation has become punishing, invasive, increasingly detailed and piecemeal. The result is a mass of regulation with large areas of overlap and incoherence. Frequent and unpredictable changes in policies and regulations, coupled with differing implementation of these across the member states have undermined the achievements of the internal market. This has led to disinvestment or low investment by the manufacturing sector, which is more attracted by investment outside Europe. The development of markets in other regions of the world and more competitive inputs have reinforced this tendency.

If Europe is to come out of its difficult economic circumstances, its leaders need to send out a clear message that Europe is open for business and make sure that this really becomes the case. This includes a more business friendly agenda setting in many policy fields, such as energy prices, infrastructure, innovation and skilled workforce.

Our industry is a strong, competitive and innovative industry: we are the key driver of the green and low carbon economy through the products, systems and technologies we produce. We are also an industry which has sustained employment practically continuously over the last 10 years.

However, in order for our industry to be able to prosper, companies have to make a profit. To be able to further invest in new environmentally friendly technologies and keep Europe in the lead in these technologies, we need coherent and predictable legislation. This is not happening.

For example, in environmental affairs, European legislation has been changing continuously during the last years. The content and scope of directives, such as those on “Restrictions of Hazardous Substances” (RoHS), “Eco-Design” and “Waste Electrical and Electronic Equipment” (WEEE) have been altered and extended over and over again. All these recasts missed their original target, which was to simplify and improve application. All of these laws have just led to rising costs for manufacturers with limited, if any, benefit to the environment. Similarly, in the area of health and safety, the original holistic approach to assessing and managing health and safety risk is being undermined by hazard-specific directives where the risk management measures are not justified by the available evidence.

This undermines our competitiveness on world markets. Companies should be given the chance to gain back the enormous investments they have made to cope with such legislation before setting further targets.

Less and better regulation

Relevance, proportionality, subsidiarity and efficiency for business should be the guiding principles of any new EU regulation. The cost of doing business in the EU is getting higher every day and this is not only a question of more expensive inputs. Much of this is due to regulation. More focus should be put on better implementation of existing rules instead of creating new rules. Contractual freedom, in particular in B2B transactions, must be ensured.

A central area of concern for European companies is the increasing initiatives at EU-level in employment and social affairs at a time when flexibility is essential and national efforts are being made around Europe to liberalise labour markets and work life. Unfortunately, European directives in the employment field often contribute to less flexibility, adding new layers or stricter rules to already existing national legislation. Apart from increasing administrative burden and cost, this has also created legal uncertainty for companies in an area which directly impacts on job growth. To improve competitiveness, a consolidation of existing EU directives in this field is required and their proper implementation in all EU Member States has to be ensured before the Commission considers any new legislative initiatives.

We strongly support the EU’s endeavours to simplify and improve the regulatory environment, for example through the High Level Group on Administrative Burdens. Still, in many fields companies complain about the massive load of provisions that they must follow. Especially SMEs are no longer able to cope with them.

Indeed, the main task for engineering companies should be to find technical solutions and not to spend a considerable part of their resources on dealing with the latest regulations, directives and national laws resulting from these. Unfortunately, the European Commission’s impact assessments do not yet sufficiently include these costs and in particular do not include the cumulative impact of the multiple layers of regulation with which companies have to deal. The best solution for this problem is to reduce the amount of new legislation and to avoid legislation, such as the future proposal on collective redress, which directly adds more costs on to companies whose products are already subject to a considerable body of public order legislation

Ensuring competitive labour markets

The international competitiveness of the European labour market will not be strengthened through further regulation. For industry to survive in Europe (and reach the goal of industry's share of 20% in GDP by 2020), we need policies and regulation that will support dynamic, flexible and inclusive labour markets that allow for swift transformations in companies. This is also stipulated in Art. 173 of the TFEU. Speedy and efficient deployment of labour is vital if European manufacturing companies are to respond efficiently to the increasing pressures of global competition. Employment legislation must facilitate these flexible work arrangements, both externally and internally. The current trend at European level, however, is to present initiatives that run counter to this, disregarding efforts made at national level to make labour markets more competitive.

Further, it is neither feasible nor desirable for European manufacturing industry to be internationally competitive based only on wages. In order to successfully compete with present levels of labour cost is challenging and its development has to be in line with productivity at national, regional or company level. Nevertheless, a commitment to controlling additional labour cost is vital so that people are not priced out of their jobs in Europe.

CEEMET and ORGALIME agree with the Commission's statement in the updated Industrial Policy Communication that, in a fast changing world, if the EU wants to maintain its position as one of the world's leading economic blocs, it must provide the right framework conditions capable of attracting companies to invest in Europe. The decline by 0.4% to 15.2% of contribution of manufacturing to EU GDP in 2012 shows that swift and decisive action is necessary.

ORGALIME and CEEMET are willing to contribute to this process, outlining what we see as the right framework conditions for a stronger and greener Europe.

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