

CEEMET Comments on the
Report from the High Level Group chaired by Wim Kok of November 2004
"FACING THE CHALLENGE"
The Lisbon strategy for growth and employment

CEEMET represents the interests of employers' organisations in the metal, engineering and technology-based industries from 18 European countries with a particular focus on social policy issues. Furthermore, CEEMET has established and is developing a network of contacts with employer organisations from the new EU Member States. Our member organisations currently represent around 200,000 companies, employing some 12 million people.

The independent review of the High Level Group chaired by Wim Kok, which was tasked to contribute to the mid-term review of the Lisbon Agenda at the 2005 Spring Council, provides a thorough analysis of the current state of play. In contrast to the first Kok report "Jobs, Jobs, Jobs", the second Kok report contains only a few concrete suggestions on how the different stakeholders at the various levels could achieve the necessary revitalisation of this important process, which, in the end, is aimed at securing the future of Europe.

CEEMET would like to use this opportunity to make some more general comments on this second Kok report, which rightly stresses that the disappointing delivery of the European Union and, in particular of the EU Member States to the Lisbon Agenda is due to an overloaded agenda, poor coordination and conflicting priorities.

Therefore, the second Kok report concentrates on measures to increase economic growth in the European Union which has become even more urgent because, since the Lisbon Agenda was formulated in March 2000, the general economic situation in the European Union has clearly deteriorated.

CEEMET shares the view that priorities have to be identified within the topics covered by the overloaded Lisbon Agenda. It must be recognised that economic growth is the engine for achieving the other important goals of the Lisbon Agenda, namely social cohesion and sustainability. In the end, only competitive and profitable companies can continue to contribute to achieving this wider European agenda.

CEEMET is concerned that while Europe continues to discuss the Lisbon Agenda, our international competitors are actually moving ahead faster.

As a result, a real commitment is necessary from all stakeholders at the appropriate levels. As is stressed in the second Kok report, maintaining the "status quo" is not an option. In today's global economy, Europe has no choice but to radically improve its knowledge economy and underlying economic performance if it is to respond to the increasing challenges of Asia and the US.

CEEMET, in principle, supports the idea of national action plans, although it is not convinced that the Commission's annual reports will have the desired impact. Therefore, it is likely that the European Council will eventually need to take more of a lead in progressing the Lisbon Strategy.

In the first instance national policies will have to be developed in each Member State, supported by an appropriate European Framework, to address each Member States' concerns so that they can then act in a more concerted and determined way, as the Kok report suggests.

CEEMET would also like to highlight the statement in the Kok report that "*to the extent that Lisbon has been interpreted as undervaluing industry, this is a fair criticism. It is vital that Europe retains a strong industrial and manufacturing base as a crucial component of a balanced approach to economic growth.*"

In this context, CEEMET members have recently adopted a Strategy Paper on "Strengthening the Competitiveness of the European Metal, Engineering and Technology-based Industries". This Strategy Paper sets out the key areas in the field of *social policy* on which CEEMET, together with its national member organisations, will work with a view to improving the competitiveness of the industries they represent. It sets out CEEMET's "living agenda" and is our contribution to bringing the Lisbon process back on track and to attaining its ambitious ten-year goal of Europe becoming the most competitive and dynamic knowledge based economy in the world.

CEEMET and its member organisations have identified the following four key areas where we will work with all stakeholders in society to improve the competitiveness of the industrial sectors in which our members operate and therefore contribute to the well-being of our societies:

1. Equipping our current and future workforce with the skills to compete in the global marketplace
2. Increasing productivity and creating new products and businesses through research & development and innovation
3. Safeguarding and promoting flexibility within labour markets
4. Better regulation and, in particular, ensuring adhering to the principles of subsidiarity and proportionality.

CEEMET supports the importance of enhancing knowledge based economies in Europe. It is therefore disappointed that the key aspect of education and training is not appropriately addressed in the Kok report.

To conclude this response, CEEMET would like to emphasize that, in order to achieve the significant and sustained productivity growth, which is urgently needed, a comprehensive and "needs driven" research and development policy to create an environment that will foster new and innovative production processes and products is urgently needed. In several EU Member States the conversion of results from research and development into new products and services, i.e. innovation, is too low and takes too long.

The observation in the second Kok report that the key for the successful achievement of the Lisbon goals is mainly in the hands of the Member States is in line with this CEEMET Strategy Paper.

Even if it is not possible for every EU Member State to attain all of the Lisbon goals, all stakeholders have to increase their efforts and commitment to strive for the overall goal of making Europe *become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion.* In this respect, CEEMET considers that an appropriate measure would be the institutional strengthening of the Competitiveness Council.

The huge efforts that are needed to attain the goal of securing the future of Europe must also be communicated in a simpler, more concise and transparent way than has generally been done to date. Through this, the comment in the Kok report that "*Lisbon is about everything and thus about nothing.*" which has as a consequence that "*everybody is responsible and thus no one*" can be addressed and made more positive.

The *attached* CEEMET Strategy Paper on "Strengthening the Competitiveness of the European Metal, Engineering and Technology-based Industries" contains further and more detailed ideas in the area of social policy for improving the competitiveness of European Industry.

Brussels, 15 December 2004