

New social settlement with industry

Vision Paper



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Foreword

At the point of marking the 60th anniversary of the signing of the Treaty of Rome, Europe is facing some of its greatest challenges. The huge achievements of the EU – peace, security, economic prosperity and a convergence of disparate Member States – seem to be unknown or forgotten by many of its citizens.

The Commission's White Paper on the future of Europe has opened the debate about our common future. In the field of social policy, this debate is strongly steered by a cluster of far-reaching initiatives, built on the European Pillar of Social Rights, that were presented by the Commission at the end of April 2017.

CEEMET is unconvinced that these initiatives have the reach or vision to re-establish the lost connection between the EU and its citizens. While the Commission calls for a more social Europe, Europe is the most social region in the world and already enjoys a social AAA rating. But, too many citizens feel little benefit from this, from a lack of participation in the labour market, a lack of opportunity in the labour market, often caused by a lack of skills.

Greater social cohesion and labour market participation can only be achieved based on the competitiveness of European industry. To achieve this, the EU needs to be 'big on the big things'. This requires the EU to look outwards – beyond its own borders to understand what international competitiveness requires.

The EU needs to recognise that there are other key economies with which EU manufacturers compete, where the new digital agenda is already being embraced and where the skills needed for this are available today. The EU must support future technologies and digitalisation, as these will provide Europe with renewed industrial competitiveness to support high social standards for all.

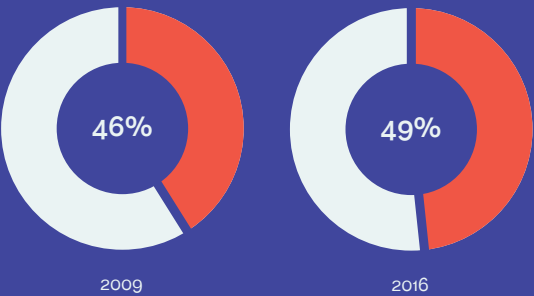
This is why, now, CEEMET is calling for a new social settlement with industry, setting out what the EU needs to do, why, and how.

The EU needs to recognise that there are other key economies with which EU manufacturers compete, where the new digital agenda is already being embraced

Why MET industries matter

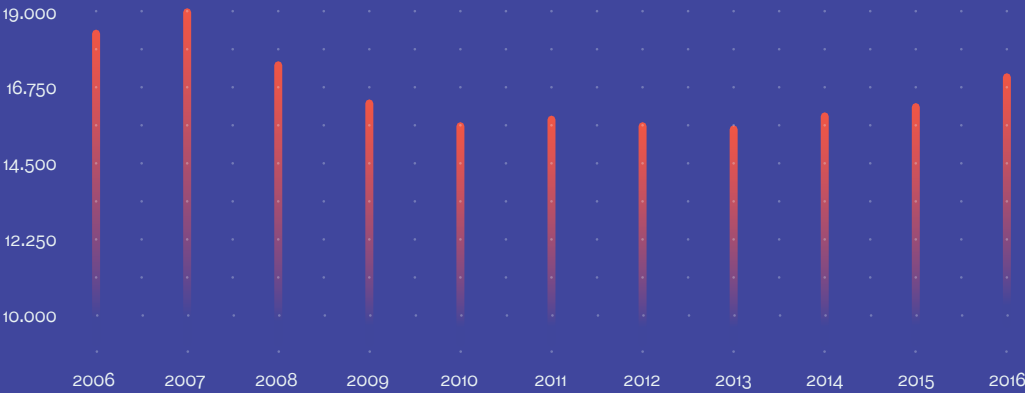
- MET industries play a key role in the economy of Europe. What MET industries say matters.
- If the EU is to achieve the goal of 20% of GDP to be contributed by industry by 2020, then manufacturers need to be the EU's top priority.
- Today, the EU MET industry employs 16.7 million workers directly and a total of 35 million including indirect jobs.

Employment in the MET industries



▲ Source: Eurostat

Employment in the MET industries in the European Union (2006-2016)



▲ Source: Eurostat

- In a challenging economic situation, our companies created 1 million direct jobs between 2013 and 2016.
- The MET sector's labour force is highly skilled, well paid and a cornerstone of a social Europe. Wages in the MET industries exceed those in other industrial sectors. And MET employers are at the forefront of offering workplace pensions and flexible working conditions.

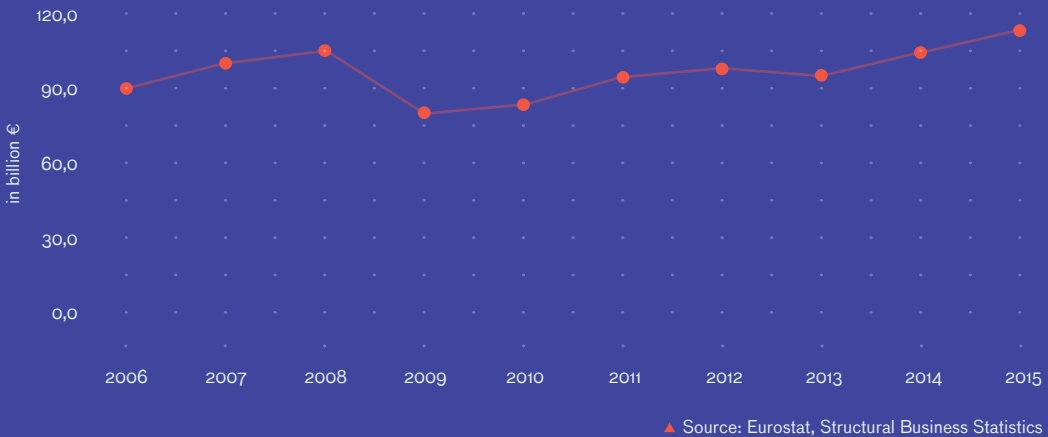
Two-thirds of the MET industries' sales are based on exports, which have increased by some 50% over the last decade. This underlines the need for Europe's manufactur-

ers to be able to compete in terms of skills, regulation and labour market flexibility with the best in the rest of the world.

Exports of the MET industries in the European Union (2006-2015)



Gross Investment in tangible goods of the MET industries in the European Union (2006-2015)



Manufacturers invest 100 billion euros annually, driving innovation and improving competitiveness in new global markets. This is backed up by a further 85 billion euros of investment in R&D in critical

areas such as energy, the environment and transport. Cutting the cost and burden of regulation will drive further investment which will be needed to meet the demands of technological change and digitalisation.

FOCUS

Aiming for a competitiveness AAA

National labour markets do not operate in a vacuum, isolated from global events. Nor is it possible to separate industrial competitiveness from social welfare support. Therefore, the EU's social standards, as well as its competitiveness, must be seen in a global context.

The EU already enjoys a social AAA rating, but lags behind in its international competitiveness. If not addressed, this will put at risk our current high social standards, as it is the industry which funds Europe's social spending.

The EU needs to match its leading social policies with a much-needed renewed focus on increasing competitiveness to ensure more jobs, growth and prosperity within Europe. Social policy should be competitiveness-proof.

ASK 1 Strengthening the Single Market by removing obstacles to free movement

To strengthen European MET industries' competitiveness in a global market the role of the EU Single Market will be crucial. Worker mobility within the Single Market is a key asset for businesses.

The current tendency is to allow disproportionate limitations to the freedom of movement under the guise of worker protection. By doing so, hard borders are being re-introduced within the EU, eliminating the benefits of the Single Market for its companies and citizens.

The EU should stand firmly behind the Single Market: obstacles to the free movements need to be removed and worker mobility needs to be preserved. EU initiatives, including in the field of social policy, need to strengthen, not undermine, these cornerstones of the EU.



Zooming in Revision of Posting of Workers Directive

The revision of the Posting of Workers Directive is a clear example of where the EU needs to find a better way forward. The ability to provide services relies heavily on the cross-border mobility of people and on short and long-term postings. In place of further regulation, the Commission should focus on better and more effective enforcement by each Member State of the existing legislative framework on the posting of workers.

To download this report, go to www.ceemet.org/page/studies or scan the QR code.



ASK 2**Adhering to the principle of subsidiarity**

The role of the EU in social policy is rightly limited to supporting and complementing the activities of the social partners and the Member States. Adherence to the principle of subsidiarity, founded in the Treaty on European Union, is essential to ensure that social policy can reflect the diverse needs of national labour markets, as well as the disparate needs of local businesses and their workforces. This diversity of needs has only been growing with the enlargement of the EU.

Companies and their workers should be able to agree on tailor-made working conditions and to benefit from the opportunities new technologies offer. Too stringent a legal framework cannot respond to emerging needs

and interests, and eventually risks impeding collective and individual agreements reached between social partners and between companies and workers.

But recent EU policies point in a different direction. The Commission increasingly opts for EU legislation that clashes with this diversity of needs of labour markets, companies and workers, causing businesses to consider what future they have inside the EU. This ill-conceived development is complemented by increasing efforts of the Commission to push for convergence of national labour market policies and characteristics within its reflections about deepening the Economic and Monetary Union.



Subsidiarity is essential to ensure that social policy can reflect diverse needs of labour markets, businesses and workforces



Zooming in National wage setting in a social market

Over the recent years, EU level economic governance has moved beyond its mandate to interfere with wage setting, which is a core responsibility of mandated social partners. Social partners and companies are in the best position to peg wages to productivity, the ability to pay, other elements of remuneration, and the need to invest. The EU must then refrain from encroaching on the core competences of the social partners.

To download this report, go to www.ceemet.org/position-papers or scan the QR code.



ASK 3

Valuing the role of social partners and their autonomy

Sectoral social dialogue at an EU level contributes to improving the economic, social and business environment. In turn, this promotes sustainable employment and high-quality work in the MET industry.

For this to be achieved, social partners have to be consulted in good time on any Commission proposal in the field of social policy. It is only representative social partner organisations that have a concrete legal mandate and a direct link to employers that can provide expertise. The method of consulting stakeholders at the EU level has become discretionary and un-coordinated. In social policy, the EU's duty is to

properly consult representative and mandated social partners, not other informal business groups or special interest organisations.

The autonomy of social partners is a fundamental principle of social dialogue. The European social dialogue focuses on topics chosen by the social partners after consultation with their members.

Autonomy equally applies to the outcomes that social partners chose to reach. The exchange of good practice and joint analysis, amongst others, are an important and valuable outcome in themselves.



Zooming in EMFWELD – by industry, for industry

CEEMET, with its partners, has developed a tool to help companies comply with the EU Directive on worker exposure to electro-magnetic fields. The online tool represents a cost-effective alternative to costly 3rd party assessments. It produces reports that are needed for risk assessments that the EU requires as part of the health and safety compliance system. For more information, please check: www.emfweld.com

ASK 4 Ensuring simple and understandable EU law

Within the European Union, MET companies operate in a strict regulatory system in comparison with many of their international competitors. This does not necessarily mean that these competitors operate to lower social standards when compared to the EU. CEEMET welcomes the European Commission's REFIT agenda which endeavours to make EU law simpler, fit for purpose and to reduce regulatory costs.

Many directives in the social field, notably in the field of occupational health and safety (OSH), are overly technical and complex, making it particularly challenging for SMEs to understand and comply with these requirements. This problem can be alleviated by putting greater emphasis on best practice, guidance, and the provision of concrete examples.

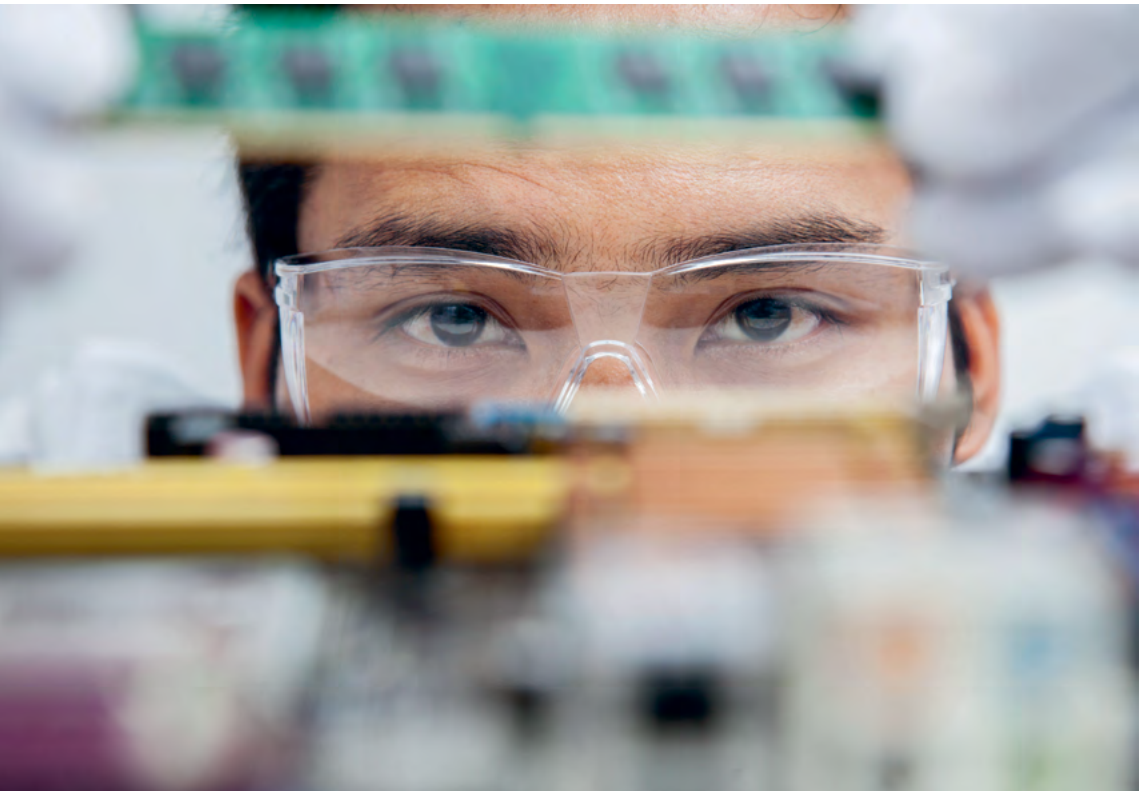
With EMFWELD, CEEMET is making EU legislation implementable for companies, in particular for SMEs, in a cost-efficient way

ASK 5

Consistency in transposing occupational health and safety legislation

The nature of social policy at European level is that it sets minimum standards, where Member States can go further with or 'gold plate' EU legislation at a national level. In the area of OSH this creates a burdensome process whereby companies have to apply different legislation across the various Member States.

Greater consistency in OSH legislation at an EU level, particularly in the area of chemicals regulation, would make it easier for companies to operate within the Single Market without lowering standards. Proportionate transposition of current EU OSH Directives in all Member States is key to creating a level playing field.





ASK 6 Committing to free trade

International trade and global value chains are essential for the success of industry. The MET industries are committed to global free trade agreements that do not undercut EU social standards. More transparency and a better explanation of the role of such agreements would increase their support of among EU citizens.

This will include the future of the relationship between the EU and the departing UK. The stability of this relationship is vital to manufacturers across Europe and all parties must ensure that the negotiations deliver a deal that minimises disruption for industry across the European Union and in the UK.

FOCUS

Innovation in the world of work

Innovation is at the heart of the MET industry, driven by new technology and digitalisation. Each day, businesses and workers are challenged to be ever more innovative. Yet, innovation in the world of work is hampered by rigid and inflexible EU regulation that risks becoming outdated. Also, new technologies seem to be feared, while it is outdated technologies one should be wary of.

At the same time, innovation requires new skills. The mismatch between the skills needed by the labour market and the skills currently available is increasing ever faster and is a major cause of lower social standards and reduced competitiveness.

It is time for the EU institutions to be innovative in their approach to the world of work and in particular to digitalisation.

ASK 1 Agile labour markets and agile work

The MET industry competes in fast-moving global markets, where success is based on the capacity to swiftly provide solutions and respond to dynamic customer demands. Agile labour markets are essential in order to quickly adapt to changing circumstances. A dynamic and mobile workforce is crucial to ensure an agile labour market. Employers need new tools to adapt their organisations to market changes, including both company level and national flexibility in employment.

But it is not only businesses that demand flexibility: workers' requests for a greater choice regarding working arrangements are increasing and businesses need the regulatory room to respond to these.

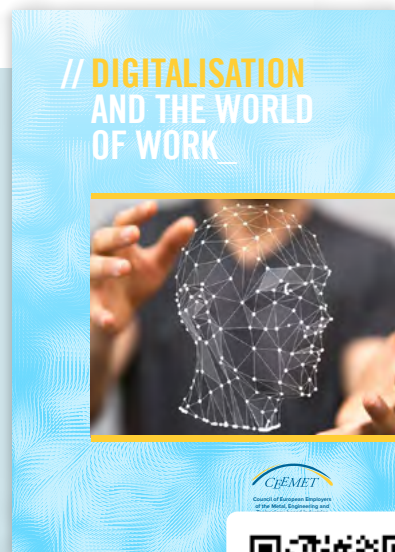
While work organisation primarily has to reflect the company's needs for production to remain competitive, new technologies allow companies to offer workers greater autonomy in the organisation of work in both terms of time and space.

Companies and workers want to use the technologies of the future today, and do not expect EU regulations to block this progress. The latest initiatives of the European Commission, in particular those launched on 26th of April 2017, suggest a growing gap between the direction of EU policy and the direction of the world of work.



Zooming in Digitalisation and the World of Work

Digitalisation is challenging existing business models. It disconnects work from a fixed work place, changes work places and the way we carry out work. Whereas many of the existing studies look at the changes to industrial production and processes, the CEEMET report is the first industry sector report to look at this very last point: the world of work. Since its presentation to European Labour Ministers our '[Digitalisation and World of Work](#)' report gained a lot of recognition, triggered debates and was considered one of the best industry intelligence reports.



To download this report, go to www.ceemet.org/page/studies or scan the QR code.



ASK 2 Technology improving workers' health and safety

New technologies continuously generate opportunities in the field of occupational health and safety, particularly for older and performance-impaired workers. With an aging population, the opportunities that technology can offer to improve occupational health and safety should be promoted and not restricted by regulations. However, only employers can properly assess the usefulness of technology for their companies and workers: workplace health promotion should therefore remain voluntarily.

Robotisation and digitalisation of processes can help in mitigating occupational health and safety risks. Employers support the vision of a sustainable working life, centring on facilitating people to remain healthier and remain in employment for longer. A good example is that of 'cobots' - robots that work with humans in a collaborative way. These are now widely used in European workplaces. A too precautionary approach in dealing with robotisation will hamper the modernisation of European industry.

The opportunities that technology offer to improve occupational health and safety should be promoted and not restricted by regulations





Zooming in Industry driving skills development

CEEMET members established or initiated various projects focussing on growing interest in STEM (e.g. [EurekaFunziona](#) or [think ING](#)), increasing positive perception of VET (e.g. [Le Kit'Métiers](#) or [Apprentice & Skills TV](#)) and supporting the cooperation between industry and education providers (e.g. [Teknikcollege](#) or [#tampere3](#))

These projects are built upon an understanding and appreciation of the needs of all partners involved and a long-term commitment to make this happen. MET industries are already doing their share to develop existing and attract new talent.

ASK 3

Skills, skills, skills, and more skills

New technologies and digitalisation have massively changed the skills that MET industries need. The skills shortages that MET industries are facing need to be resolved quickly.

The EU has no regulatory competence on education and training related issues. However, as it is an area of common concern, the EU could empower businesses and citizens by highlighting the importance of VET, STEM and digital skills.

● **VET as the option of choice for young people**

VET must gain parity of esteem with academic learning. To make VET a 'first choice', employers must drive the design of qualifications and the delivery of training. MET employers offer well-paid jobs with clear career pathways and opportunities. The EU can support the sector by ensuring that there is greater awareness of what the sector offers to learners of all ages.

It is important that any EU-level efforts to support national VET reform emphasises the importance of industry involvement, work-based learning and excellence in VET.

● **Promoting cooperation between educational institutions and industry**

Cooperation between industry and education and training institutions is essential to ensure a functioning and efficient supply to the labour market. At EU level, it is important to provide adequate support, share best practice and develop new strategies for education apart from the status quo.

The EU can support the coordination of initiatives to enhance cooperation on digital skills.

Digital skills are of paramount importance to companies and workers and these skills are rapidly evolving. There are countless initiatives on skills and skills development at EU, national, regional, local and company level. An ongoing challenge for CEEMET members, companies, public authorities and training providers is that these initiatives are often random. The EU can add value by providing coordination through an EU wide digital skills hub, which should include streams of work to match digital skills to the labour market.

● **Science, Technology, Engineering and Maths (STEM) skills continue to be in short supply**

The EU needs to put more emphasis on STEM education which is lacking in current EU skills initiatives. The increased focus on STEM in education in most Member States is a positive step, but STEM is not adequately highlighted at the EU level. Europe urgently needs more ICT specialists and for students to acquire more advanced digital skills demanded by industry. Digital learning must start in primary schools and be embedded in secondary schools. This requires a sound knowledge of STEM subjects, particularly mathematics.

● **Lifelong learning**

Ever shorter innovation cycles reduce the "half-life" of knowledge, and therefore the importance of life-long learning is growing. Although this is a shared responsibility with governments and employers, this requires motivation and self-management on the part of workers. Backed by appropriate support, their responsibility for their own employability must be strengthened, especially among less qualified people and job-seekers.



Conclusion

CEEMET's vision for a new social settlement with Industry:

- Carrying on as before, and business as usual, are not options for industries which compete globally.
- To stay internationally competitive, European manufacturing needs an environment that offers flexibility to facilitate doing business in Europe.
- The Single Market – including the Digital Single Market – is at risk from old uncorrected and new self-imposed barriers, which need to be removed to improve competitiveness.
- We need a new blended industrial strategy, bringing digital skills to the fore whilst removing barriers to agile working.
- All stakeholders must feel that they have a future in Europe; a new social Europe cannot be achieved without competitive industry at its heart.

Greater social cohesion and labour market participation can only be achieved based on the competitiveness of EU industry



Who is CEEMET?

- CEEMET represents the Metal, Engineering and Technology-based industries (MET) **employers** in Europe, covering sectors such as metal good, mechanical engineering, electronics, ICT, vehicle and transport manufacturing.
- Our members represent **200,000 companies** in Europe providing nearly **17 million direct jobs and 35 million indirect jobs.**
- CEEMET is a recognised **social partner.** Our vocation is promoting global competitiveness for European industries.



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