



For a more competitive industry in a stronger Europe: a Ceemet perspective

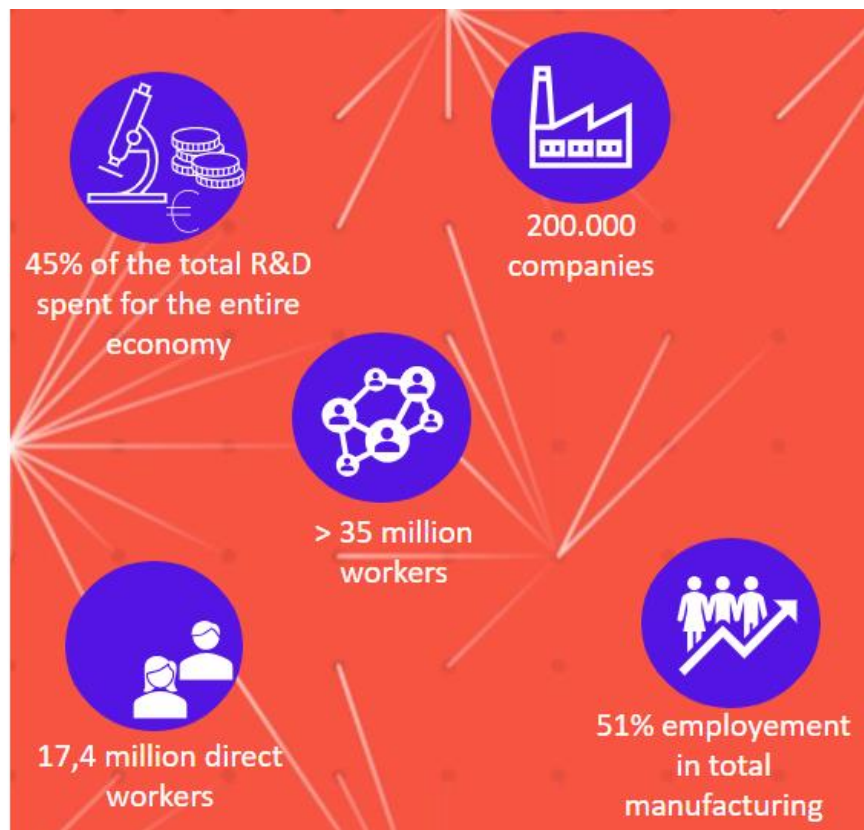
ceemet

European Tech &
Industry Employers

- 200 000 companies
- 17M direct jobs, 35M incl. indirect
- EU Social Partner

About Ceemet

- ❖ Ceemet is the European employers' organisation representing the interests of the **metal, engineering and technology-based (MET) industries** with a particular focus on topics in the areas of employment, social affairs, industrial relations, health & safety and education & training.
- ❖ Ceemet members are national employers' federations across Europe and beyond based in **20 countries**. They represent more than **200,000 member companies**, a vast majority of which are SMEs.
- ❖ Ceemet members provide direct and indirect employment for **35 million people** and cover all products within the MET industrial sectors, detailed below. Together, these companies make up Europe's largest industrial sector, both in terms of employment levels and added value, and are therefore essential to ensuring Europe's economic prosperity.





A word from our President

With a view to the upcoming elections to the European Parliament and the new College of European Commissioners, Ceemet takes this opportunity to introduce ourselves to the new MEPs and Commissioners and re-introduce ourselves to our old allies and friends.

This document sets out the main points of how we see the continued development of a competitive industry in Europe, working for Europe. As the backbone of economies and societies throughout the European Union, we look forward to engaging with all policy makers over the next number of years to build a better and brighter future for our European industries.

Rainer LUDWIG
Ceemet President



Content

	Introduction	p.5
1	Move towards totally frictionless labour mobility in the Internal Market	p.6
2	Adopt fit for purpose regulation in full respect of the EU Treaties	p.9
3	Provide a highly skilled workforce	p.17
4	Give social partners a key role	p.21
	Conclusion	p.24
	Key requests	p.25

Introduction

The European Metal, Engineering and Technology-based (MET) industries, which Ceemet represents, are a job creation engine offering employment to 17.1 million Europeans with good working conditions, first-rate career growth and competitive skills development. It is the backbone of the European economy contributing nearly €2,480 billion in exports and around 45% of the R&D spend for the economy. However, MET companies have experienced an unprecedentedly challenging environment over the past nearly half decade since the beginning of the last mandate of the European Parliament and Commission.

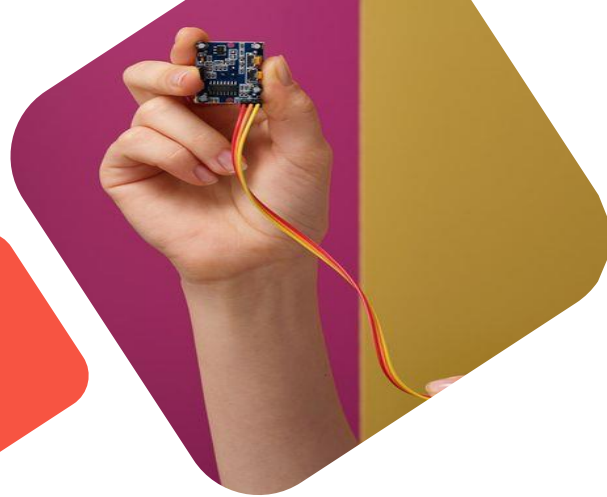
Prior to this most recent mandate, companies were already experiencing very high vacancy rates and a lack of competitiveness vis-à-vis our international competitors. However, since 2020, our industries have had to face an extraordinary set of challenges that have made the situation even more precarious. These challenges manifested themselves in everything from limits on production, to the complete cessation of supply chains; all of which has had a lasting effect on our competitiveness. Subsequent to that, we saw the beginning of the harrowing war in Ukraine, alongside the terrible humanitarian crisis that it triggered. This unjustified aggression on the European continent further aggravated supply chain challenges and we saw energy supply weaponised. Many of these factors contributed to rampant inflation and an economic slowdown which continues to affect our industries.

Now, we see one of the mainstays of the global economy, global free trade, coming under fire in some regions of the world. We are currently operating in an industrial environment where we see huge international pressures and the race to subsidise industries. This comes at a time when our sector is readying itself to further advance the twin transition, arguably one of the most profound changes for industry to undertake in living memory. Therefore, the legislative focus has to shift – we already have a AAA social standard, we must see a clear focus on competitiveness alongside an urgent slowdown of the legislative agenda at an EU level. Social policy must go back to basics and legislate where it adds value.

Companies are operating in a particularly tight labour market, which is creating additional bottlenecks to production. Indeed, MET companies are today facing the increasingly aggravated challenge of labour shortages that are due to a combination of multiple economic and structural factors, including the demographic situation and recent trends and changes in the labour market. Labour shortages are the number one challenge today for our businesses and are increasingly hindering the competitiveness of MET companies as well as their ability to innovate and create quality jobs.

The path of prosperity must continue and to that end the proposals from the EU must focus on making Europe the most competitive region in the world. We believe that a renewed focus on the foundation of the European Union is needed: the four freedoms, economic cooperation, and competitiveness.





1

Move towards totally frictionless labour mobility in the Internal Market

a. Deepen the Single Market

Establishing the free movement of goods, services, capital, and people - the EU internal market - has been one of the greatest achievements of economic integration in the modern age and continues to be one of the EU's greatest accomplishments. However, we must not rest on our laurels and this massive European achievement cannot be taken for granted. Rather, we need to strengthen it and, above all, protect it.

European MET companies are deeply enshrined within the internal market, producing high-tech goods and providing the services that go with them. Therefore, free and frictionless labour mobility within the single market is crucial for MET companies. Nevertheless, we see serious obstacles that remain and even grow in relation to the free movement of workers. The free movement of services, the right to provide services in a country but also to receive them from another country, is the basis for a solid European economy.

The internal market, which celebrated its 30th anniversary in 2023, has many benefits.

It opens up new opportunities for companies by providing them with access to the largest single market area in the world, and by extension provides consumers with more choice. However, the European Commission needs to continue its work to develop it further.

Already in 2011, the Commission came forward with the Single Market Act. In the wake of the 2008/2009 crisis, this instrument tapped into the potential of the internal market to generate economic growth and employment. Newer initiatives such as the Single Market Emergency Instrument further bolster the internal market when critical situations emerge, such as the COVID-19 Pandemic and Russia's invasion of Ukraine.

A well-functioning single market will continue to deliver the jobs and GDP growth to which we in Europe have become accustomed and thus continue to deliver the social Europe on which our economies have been created. Consequently, we must see the willingness from all involved actors to ensure that we make the single market really work for our European economies.

b. Ensure the free movement of workers and services

Within the current economic model whose pillars were established after the end of the Second World War, cross-border supply and value chains have become the normal way industry operates in order to add value. The benefits of this are manifold: not only can industry create specialisation centres in different locations, thereby creating efficiencies, but it can also spread the employment and GDP growth across a wider area, thereby creating a societal benefit. However, goods from all kinds and levels of complexity are important for a functioning supply chain and therefore free and frictionless labour mobility is fundamental so that MET companies can also provide the requisite services in order to keep these finely tuned chains working.

Consequently, this economic model breaks down without frictionless labour mobility, hence its vital importance for the companies which make up the MET industries. Though the benefits do not lie solely with the companies, workers also benefit from the possibility to have job opportunities in other countries and the possibility to develop and learn new skills. It is a win-win situation for all.

However, in practice, many MET companies face a high regulatory burden when sending their employees throughout the EU. In 2024, this can no longer be the reality. We must see an EU labour mobility space which actively facilitates labour mobility and improves the access to information on the rights and obligations related to labour mobility and posting. We therefore call on the EU institutions to fulfil the promise of the single market by updating EU legislation to break down the remaining barriers for labour mobility in the EU and reduce the administrative burden that MET companies who post workers to other Member States still face under current EU legislation.

Many EU based Tech and Industry companies send their employees to other Member States in the EU in order to provide services related to the goods they produce, such as the installation or repair of these goods (so-called industry-related services). These short trips within the single market can occur quite frequently but usually only for a certain number of days. These short assignments abroad, whether they are business trips or a short trip to provide a service, are not the subject of problematic postings. However, due to EU legislation regarding social security coordination, they need to be notified to the competent authorities prior to the work assignment abroad. This creates unnecessary and extensive administrative burden. Ceemet therefore sees a real necessity of exempting both business trips as well as activities abroad which last only a limited number of days from the prior notification requirement.

Furthermore, due to the complexity established by the 2018 Posting of Workers Directive, it has become increasingly difficult for companies to have a good understanding of what the exact salary applicable to the posted workers are and what the further constituent elements for remuneration are. Also as regards the terms and conditions of employment, it is not always possible for foreign companies to be aware of which collective agreements are applicable to the posted workers and companies in principle do not have the knowledge of the host Member State's applicable labour law system. MET companies need legislation that is simple to implement, provides legal certainty and functions in practice.



c. Facilitate Digitalisation in EU labour mobility

We live in a world where digitalisation has become the norm in nearly all aspects of our lives, both professionally and privately. Therefore, we must finally see this become a part of the free movement of workers in the EU. We could see the correct enforcement of EU rules, while facilitating the free movement of workers, with the digitalisation of data exchanges between Member States.

A solution in this context should be the full implementation of the Electronic Exchange of Social Security Information project (EESSI). This will complete a more efficient and uniform exchange between administrations throughout all Member States.



Alongside this, if properly arranged, the European Social Security Pass (ESSPASS) could facilitate legal certainty for workers and businesses, fair mobility and the effective protection, portability of social security rights, traceability, and enforcement of workers' rights. Furthermore, it could support fair competition and ensure a level-playing field for businesses.

The ESSPASS should complement national social security numbers and regulations. It should also facilitate the EESSI for the purpose of improving coordination and information exchange between competent national authorities and allow a quick and accurate verification of the social security insurance status. This will provide individuals and authorities with a control mechanism to easily verify coverage and contributions.

Ceemet supports the following two digital tools:

eDeclaration

Every day, thousands of European workers are on cross-border assignments for multiple reasons including sales meetings, maintenance or to attend trade fairs and conferences. As has been laid out above, free movement of workers and the freedom to provide services are two of the four fundamental freedoms of the EU and are indispensable for the success of European businesses.

There is currently a patchwork of national regulations that have to be observed in the case of posting or even short-term employee assignments and business trips in other EU countries. This makes it considerably more difficult to carry out these activities. We therefore strongly support the European Commission's initiative to create an eDeclaration in order to standardise and simplify the reporting obligations for postings within the European Union. To succeed with this initiative, we call on the Member States to enter into the project and start implementing the eDeclaration at a national level.

Single national websites

Information provision should be tailored to the needs of all workers and all employers in order to raise awareness and improve compliance. One way to achieve this is by using the same structure on each single national website, while outlining the specificities of each national system. This will enhance its user-friendliness and help both workers and employers. A client journey should be used to scrutinise the single national websites, starting by using and analysing the same template questionnaire for visitors of all single national websites.



Adopt fit for purpose regulation in full respect of the EU Treaties



a. Remain within the EU's competence when legislating

➤ Respect subsidiarity and proportionality

The principles of subsidiarity and proportionality are two of the founding principles of EU legislation and are among the fundamental tenets of the EU Treaties. Yet, as MET employers, we frequently observe that EU legislators do not only violate the subsidiarity principle but even operate in areas over which they have little or no competence in accordance with the EU Treaties. Social policy has a special role, which is clearly defined in the treaties.

➤ Go back to basics on EU social policy

Over the past decade, the EU has become a lot more active in legislating in the area of employment and social affairs policy. What has become more apparent over these years is that there is often no one-size-fits-all solution to dealing with challenges in this policy field, if only because of the distinct legislative systems of the EU's Member States. Legislation should instead focus on fixing a specific problem and only the

They are clear that the EU cannot legislate in the areas of pay, the right of association, the right to strike or the right to impose lock-outs.

It is paramount to ensure that EU regulation, and importantly its national implementation, is scrutinised in accordance with these principles. In line with the principle of subsidiarity, the EU should only act in areas where it does not have exclusive competence if the aims of the proposed action cannot be adequately accomplished by the Member States. Moreover, to identify required and proportionate EU legislation, improved impact assessments are vital.

problem rather than burdening the already law-abiding companies. Furthermore, the way to ensure compliance with legislation is not by making the legislation for companies more complex. More effective enforcement of current legislation would be preferred to the consistent creation of new legislation.

More effective enforcement of current legislation would be preferred to the consistent creation of new legislation. In this context, the Commission should use its resources to ensure the implementation of legislation. The way to ensure compliance with legislation is not by making the legislation for companies more complex, enforcement of current legislation for all companies is the way to ensure compliance.

Nowhere is this more apparent than when examining the varied needs of the national labour markets. That is why it is of the utmost importance that heightened care is taken to ensure that social policy proposals made by the Commission remain solidly aligned with the European Treaties.

In this context, the role of social partners as a sounding board when developing legislation cannot be overstated. Furthermore, the autonomy of social partners must be fully respected. Only if that is the case, social partners can play their role in developing the most suitable and efficient solutions for particular labour markets and industries.

Moreover, in many countries, wage setting and collective bargaining are autonomous processes for social partners and one of their core competences. This principle is so important, that it even has constitutional status in some Member States. The elimination of political influence on wage setting was one of the fundamental principles of the post-war democratic consensus and this must be defended more strongly again these days. We must not see any action at EU level which interferes in these complex processes.

In January 2023, the Commission presented two initiatives on social dialogue that confirm the EU's commitment to further strengthen and promote social dialogue with specific actions at national and EU level. With regard to the Communication on strengthening social dialogue, we are pleased to see that the

Commission will assign a social dialogue coordinator in each Commission Service, as a way to improve the understanding of social dialogue across all the Commission Directorate Generals. Nevertheless, we remain concerned about the Commission's intention of modernising the legal framework for sectoral social dialogue committees through a possible revision of the 1998 Decision on sectoral social dialogue.

Indeed, MET employers are of the firm belief that the Commission should continue to be responsible for the funding and organisation, in cooperation with social partners, of the Sectoral Social Dialogue Committee meetings in order to ensure a well-functioning, efficient, value-adding sectoral social dialogue at EU level.

As regards the social partners' consultations, the Commission intends to organise part of these targeted consultations in a simplified manner to improve the involvement of social partners in EU policy making. Normally, the two phases of the social partners' consultation may be conducted by letter or by ad hoc meetings. While most of such consultations in recent years have taken place through letters, the Commission is now proposing the use of ad hoc meetings more frequently. The objective is to substantially reduce the time it takes for the Commission to bring forward proposals under Article 153 TFEU. Ceemet does not oppose this new procedure as long as it is done only on a case-by-case basis and always in agreement with the social partners.

Concerning the proposed Council Recommendation on strengthening social dialogue in the EU that was adopted by unanimity on 12 June 2023, Ceemet can only welcome its adoption as it is an important step that the Council is taking to support social dialogue, while fully respecting social partner autonomy and their role in regulating the labour market as well as national collective bargaining systems.





b. Reduce unnecessary administrative burden on companies

Companies have been operating in increasingly challenging times for far too long. They urgently need breathing space.

However, the current scenario where, in some cases, their very existence is being challenged is not sustainable for European industry. Nowhere is this more evident than in the European energy intensive industries which were especially strongly affected by high energy costs. The knock-on effects of raw material shortages for the MET industries were massive, making inputs extremely expensive in the short term due to, among many other issues, the uncertainty of supply. This is not a scenario which can be allowed to occur again.

The cost of energy for companies, brought about in no small part by the cost of Liquefied Natural Gas, was astronomical in some countries. Companies cannot be expected to pay those prices in the future, if this is the case, the competitiveness of our sector will be greatly reduced.

These systemic challenges have been exacerbated by an unprecedented amount of regulation over the past five years, this is true in all policy fields but particularly in social policy. Implementing these new laws will take time; it is already clear that many of them will add to already high levels of red tape that companies have to deal with.

Companies need to be given the space and resources to be the growth engines of our economies. MET employers can accept that solving the above challenges is not always within the power of the EU. However, giving companies a break from overregulation and streamlining existing rules certainly is within the power of the EU, and now is the time to use that power.

Companies operate in a globalised world where complex supply chains are the norm. However, a modern industry no longer works with fixed suppliers but with a pool of suppliers. Therefore, the development of European standards, with the goal of gaining a level playing field in the single market in the context of supply chains, has rarely been more important to our industries.

Finally, the Commission begins to recognise this renewed emphasis on the one-in one-out principle. The communication on the long-term competitiveness of Europe's industry including the Commission's target to reduce red tape especially from reporting obligations are a good start. But all these initiatives must lead to concrete actions which are really noticeable for companies! However, with recently adopted Directives such as the Corporate Sustainability Reporting Directive (CSRD) and Pay Transparency Directive, we see many more reporting obligations, not less.



Legislation containing sustainability and reporting needs to be in line with, and complement, established tools in this field such as the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on business and human rights.

Impact assessments are key when creating EU legislation, however, the current format of impact assessment is not fit for purpose. The complicated legislative process within the EU allows for multiple stages of amendments and discussion and often the Commission's proposal, on which the initial impact assessment was done, does not resemble the final outcome.

We must ensure that impact assessments are not only carried out at the beginning, but also during the legislative process, with a report after the legislation has been finalised.

These impact assessments can be further buttressed by the correct use of the 'think small principle' in SME tests and the speedy deployment of competitiveness checks in line with numerous announcements by the European Commission and other EU institutions.

Finally, what is clear to those dealing with a range of policy areas, the European Commission continues to work in silos with Directorate Generals often being uncoordinated in their approaches. However, as mentioned above, the Commission has recently proposed to have a social dialogue coordinator in each Directorate General, this is a proposal which is wholeheartedly supported by Ceemet and could be used as a blueprint for future coordination between relevant Commission Directorate Generals.



Ceemet supports the following proposals:

- Implement the one-in one-out principle and the target of reducing reporting obligations by 25 percent in the Directorate Generals of the Commission.
- Building on this, each Directorate General should, at the end of each mandate, show how they have implemented the one-in one-out principle.
- Ensure impact assessments all the way through the legislative process, including during the European Parliament and Council processes.
- Use, correctly, the 'think small principle' in SME tests.
- Deploy, swiftly, competitiveness checks on EU legislation.

c. Respect differences of national labour markets

As mentioned above, the EU has limited competence in the field of social affairs and labour law as set out in the EU Treaties. Article 153 TFEU sets very clear boundaries in this respect. Nevertheless, for many years, we have seen a continuous creep of regulation in areas where the EU has no competence. The EU is currently trying to harmonize EU labour law via upward convergence.

However, we are convinced that this will have a negative impact on social dialogue and collective bargaining at a national level. Recently adopted binding EU initiatives - such as the Directive on adequate minimum wages and the Directive on Pay Transparency - weaken social partner autonomy and undermine existing successful collective bargaining systems.

There is intrinsic value in enabling EU Member States to develop their labour market models in diverse directions and with varying modalities. These differences may include levels of statutory regulations, the involvement of social partners and collective agreements, and recognition of bipartite or tripartite systems. It is important not to underestimate the role of institutional competition in promoting innovation, protecting employee rights, and creating a competitive labour market.

With the current challenge around skills and labour shortages, all relevant actors must pull together to try to plug these gaps where they exist. It is proven that countries with a strong social partnership and a higher prevalence of collective bargaining tend to have more resilient labour markets with lower numbers of low paid workers and lower levels of unemployment. We must double down on the initiatives that already deliver for the economy rather than trying to harmonise different systems which will lead to burden and a lack of competitiveness.

Art 153 TFEU lays out where the EU can legislate, and sets out a number of limits to its competence, in the area of social policy.

It is well proven that a well-functioning social dialogue contributes to competitive companies and the prevalence of quality jobs in a country/region. Therefore, legislators should fully respect the autonomy of social partners and their role in regulating the labour market and not interfere with this extremely important societal and economic function.

An example of this push to harmonise EU labour law is the Platform Work Directive. Determining whether someone is considered to be an employee or a self-employed person, including deciding whether or not to presume an employment relationship, should remain a decision of each Member State or based on an agreement between the social partners in case of collective agreements. National concepts in this respect are developed over a long period of time, considering the specificities of the national level and ongoing developments in labour markets. As these developments differ from one Member State to another, one uniform EU approach would have practical implications and would interfere with the proper functioning of the national markets. In the case of the Platform Work Directive, the criteria proposed by the Commission to establish a presumption of an employment relationship, leaves no room for the national situation and developments and is therefore firmly to be rejected.



d. Be conscious of the adverse impact of gold plating on business

Gold-plating of EU legislation has become a perennial problem for MET companies. In the social policy field, the EU sets minimum standards. However, the Member States are then free to go further and gold-plate this legislation. This creates a difficult situation for companies whereby, due to inconsistent application, they operate within diverse legislative areas in one single market. This defeats the purpose of the internal market as it creates burden and cost for companies, thereby hampering their competitiveness.

A good example in this context is the adoption of Occupational Exposure Limit Values (OELs): having to comply with different OELs in different countries can be extremely burdensome for companies. Furthermore, there is also a divergence in the measurement methods for these OELs. Once an OEL is put in place at a European level, we must also see EU wide comparable methods of measurement of, and practical guidance for, that OEL.

What is also abundantly clear is that the proportionate transposition of legislation in Member States creates a level playing field but also improves worker protection by facilitating its application. With the Posting of Workers Directive, some Member States transposed the Directive into national law in a manner that went far beyond the text of the EU Directive as it imposed extensive requirements on employers posting workers to said Member State.

Consequently, this practise made it very difficult for companies to continue posting workers to some specific countries. This clearly limits the freedom of workers within the single market and creates an uneven playing field within the EU.

Another example is the Directive on Corporate Sustainability Due Diligence (CS3D). This Directive lacks clarity caused by vague concepts and insufficiently concrete definitions. Therefore, Ceemet fears that there will be too much leeway for Member States to differently interpret the text of the Directive which could result in discrepancies between national transposition laws and which will multiply the administrative burden for companies with complex supply chains in the different Member States. This does not guarantee a level playing field within the EU and undermines the aim of the proposed legal basis, i.e. Article 50 TFEU, which is to fight legal fragmentation to ensure one of the right of establishment, fair competition and ultimately to stimulate sustainable investment.



e. Allow flexibility in the adaptation of companies to challenges

When proposing new legislation, policymakers must be vigilant about avoiding a situation where prescriptive regulation agreed at EU level makes it difficult for companies to flexibly adapt to new realities facing their industries. The same is true for social partners. Representing both the employers and the workers, (sectoral) social partners have a detailed understanding of what is happening on the ground and can consider the specificities of their

companies in the specific sector. Therefore, they are best placed to come to agreements on topics related to their competences. EU legislation must thus ensure that social partners are allowed to lay down legislative, regulatory, collective, or contractual arrangements other than required by EU legislation.

For example, the setting of wages results from negotiations, either directly between employer and employee, or by collective agreement, following negotiations between social partners. The market mechanism must allow wages to adjust freely to changes in demand and supply of labour or in function of other objective elements such as tasks to be performed and performance of workers. The recently adopted Pay Transparency Directive strongly limits the free and flexible labour markets of the Member States by proposing very prescriptive and rigid measures, which will be detrimental to responses to the dynamic changes in the national

industrial relation systems. This strongly decreases the flexibility for employers to set wages in accordance with the experience, competences and performance of workers and strongly limits the bargaining power to negotiate salaries with applicants.

f. Avoid legislative packages massively impacting companies' international competitiveness

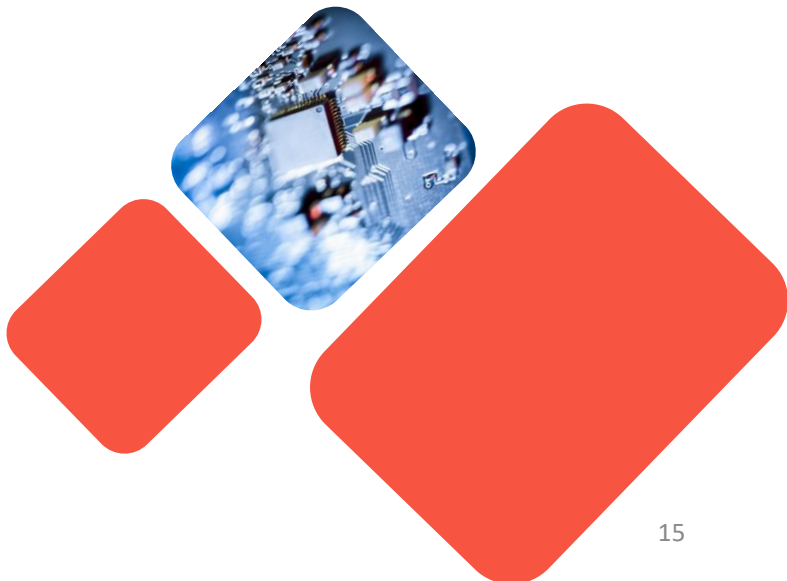
MET companies operate in an international environment where competing companies are not bound by the same rules. For those companies to carry out due diligence for the entire value chain is quite simply unworkable. This holds particularly true for larger companies, as it is impossible to manage all the risks related to all of their suppliers. While MET companies want to uphold high standards, it must be recognised that Europe already has some of the highest standards globally, e.g. high labour standards, however, alongside this, we also have incredibly high labour costs. Care must be taken to ensure that new proposals do not create a competitive disadvantage for European companies at the global level to the point of effectively counteracting the intended goals of legislation.

For example, as regards the Commission's proposal for CS3D, it is important that the obligation to carry out due diligence is limited to their suppliers located outside of the EU, as a targeted scheme is risk-based and therefore more efficient and effective. Given the very high existing environment and human rights standards in the EU and the effective systems of control and enforcement already in place in the EU Member States, there is little to no added value for companies within the EU to carry out due diligence on each other. It would, however, create an enormous amount of administrative burden on them. It could also lead to companies withdrawing from third countries ("cut and run") that actually benefit from the EU's business relations on the way to becoming an emerging economy and fighting poverty. They would then have to do business with companies from countries whose values do not meet our high standards¹.

The reporting standards in light of the CSRD states that companies shall disclose information on the number of incidents associated with work-related injuries, ill health and fatalities of its own workers and of other workers working on the undertaking's sites. EU companies will have a strong disadvantage compared to their competitors in third countries as there is practically no compensation for accidents due to the lack of legal insurance at the level of those existing in the EU. The requirement to publish non-comparable insurance data without due care will give stakeholders an incorrect picture of reality by favouring companies that do not have to report claims under their local legislation.

The CSRD and CS3D should also be seen in conjunction with the Taxonomy Regulation and its possible extension to a "social taxonomy" and the Pay Transparency Directive. These legislative initiatives threaten to add a long list of new and most likely overlapping obligations for companies in terms of stricter reporting obligations and significantly widen the scope to smaller companies. The legislation imposing due diligence and reporting obligations on companies will put European based companies, that are already struggling due to the extremely difficult economic circumstances, at a competitive disadvantage in comparison to third country companies which are not subject to these heavy administrative burdens.

1. https://www.gesamtmetall.de/service/downloads/?download_file=study_economic_evaluation_of_a_due_diligence_law-3



The Green Deal sets the EU's core strategy to fight climate change and make Europe a carbon-neutral continent by 2050. Ceemet is committed to reaching this goal and the MET industries are already engaged in wide-ranging efforts to advance the green transition. During the past mandate, the EU has put forward a number of ambitious regulatory policy initiatives to reach the milestone of reducing EU greenhouse gas emissions by 55% come 2030. In doing so, a clear framework for operating within the EU for the rest of the decade has been set. The Commission's focus over the next mandate must be to assist companies with implementing this regulation and to allow for sufficient flexibility in this context.

An overly rigid enactment and new regulatory initiatives, in addition to those agreed since 2019, have the potential to have a massive impact on competitiveness and severe consequences on jobs and skills in the MET industries, particularly in the automotive and aerospace industries. MET employers were especially surprised to see that there were no resources to anticipate and manage the employment and skills transformation needed within the MET industries to ensure that the Green Deal's targets can be achieved.

This must be addressed by the new Commission. Only with the proper involvement of social partners, the green transformation of the EU and its industries can be a success.

g. Develop industrial policy for Europe to strengthen long-term competitiveness and productivity

Due to the current uncertainties globally, it is imperative that the European Union, now more than ever, implements a European industrial policy which fosters innovation and has long-term competitiveness at its core. This requires a renewed focus on strengthening framework conditions for a well-functioning single market with access to global markets. The EU must seek solutions on a systemic and horizontal level, rather than sector or technology specific.

Failed long-term regulatory policy cannot be covered up by ad-hoc short-term measures. The entire legislative environment has to be assessed with regards to its impact on industrial competitiveness. Furthermore, the increase of labour market productivity should remain a key aim of the EU. One possible factor in this regard is the digitalisation of industry². Productivity growth has declined in most developed countries in recent decades and this is a trend which must be addressed.

One of the most important aspects of this is that we put in place a simpler, more streamlined, and predictable regulatory environment. Not only would this facilitate MET companies in their day-to-day business and allow them to create high quality jobs, but it would also put in place the correct framework conditions for investments which are badly needed across Europe.

Currently, the EU has many concrete targets on climate and energy policy, but none on the promotion of the industry. Competition and international trade drive innovation and technological advancements. As such, they must be the guiding principles for EU industrial policy.

At the moment, investments, also from Europe, are mainly flowing to other regions in the world. While we must improve investment conditions in Europe, and the costs associated with red tape and administrative burden, the adoption of state aid rules for companies producing the technology to realise net-zero targets should also play its role. However, we must ensure that we do not create "winners" and "losers"; rather the EU should focus on creating the best possible conditions for industry and the industrial base as a whole to prosper. We must see a strategy put in place which will realise the potential of European industry, particularly as we compete internationally in the current industrial landscape.

In the past decades, the EU always had ambitious targets to foster its industry:

The Lisbon Strategy from 2000 established the ambition that the EU shall "*become the most competitive and dynamic knowledge-based economy in the world*". The EU2020 Strategy from 2010 was complemented in 2012 by the target that the declining role of industry in Europe should be reversed to reach an industry share of 20% of the EU GDP by 2020.

We need an ambitious industrial policy with action points that give a clear positive signal to show the political will to keep Europe as an attractive place to invest.

2. <https://www.ceemet.org/position-papers/digital-green-transitions/tech-and-industry-employers-views-on-digitalisation-and-productivity/>





3

Provide a highly skilled workforce

a. Tackle labour and skills shortage

One of the major obstacles to the competitiveness of MET companies is the skills shortage and skills gap which exists within our sector. This would appear to be a perennial problem. However, when companies invest in up-skilling and re-skilling, it creates a win-win for all concerned, going some way to addressing the gap. MET companies are well aware of the value and importance of investing in labour market relevant training. This is why they consider training expenses as an investment rather than as a cost. Not training employees is, in the long run, more costly than the immediate cost it represents.

Together with the skills shortages that continue, for many years, to be a persistent and unsolved issue for companies, the MET industries are facing today increasing labour shortages. These are due to the combination of multiple economic and structural factors including the demographic situation, as well as recent trends and changes in the labour market. All these elements reduce considerably the available pool of workers.

As a matter of fact, the tightness of the labour market across Europe is today the number one problem for companies that put the lack of human resources on the top of their agendas. As the lack of labour is seriously hindering the growth and competitiveness of companies across Europe, we have to deal with this situation by looking critically at both inside and outside the European labour market.

In this regard, Member States and the European Union should coordinate their efforts and work together to put in place the adequate legal migration policies with the aim of attracting third country nationals to Europe.

The operational and legislative measures that are part of the Skills and Talent Package, released in April 2022, are certainly an effective manner for the EU to attract the skills and talent it needs and address labour shortages in the EU.

Within its legislative pillar, the Commission seeks to put in place an efficient legislative framework, simplified and less bureaucratic in order to facilitate and improve legal migration to the EU. It is for this reason that Ceemet calls for the fast adoption of the two legislative proposals aimed at revising the “Single-Permit Directive” and the “Long-Term Residence Directive”. The Single Permit Directive will in particular ease the administrative burden on companies to recruit third-country nationals.

As part of its operational initiatives, the Commission has planned to launch by the end of 2023 an EU talent pool that intends to facilitate the match between third-country nationals and job opportunities in European businesses. This pool can certainly help MET companies in the recruitment of the skilled workforce they need. However, it needs to be easily accessible and developed in a user-friendly manner. It is also of the utmost importance that the Commission launches targeted communication campaigns to promote this “talent pool” amongst SMEs.

The Commission (operational) proposal to improve EU cooperation with partner countries through the so-called “Talent Partnerships” in order to boost workers’ mobility across borders can also be an added value tool to attract third country nationals to Europe. These partnerships should, however, promote circular migration and avoid brain drain.

Besides migration policies, we need to also target our own labour market, as the high number of inactive people across Europe is yet another factor reducing the pool of available workers. In some countries this percentage is as high as 30 percent. For example, on average the number of inactive or unemployed women is larger than that of men across Europe. The Tech and Industry employers have long been advocating and continue to call on the Member States to put in place high quality, affordable and accessible childcare facilities as an effective tool to incentivise women back into the labour market.

This is why we urge Member States to follow the Council recommendations on early childhood education and care: the Barcelona targets for 2030. Moreover, in addition to boosting women's participation in the labour market, early childhood education and care also increases educational equality and children's success in schools in the later years. The benefits are thus two-fold.

Paradoxically, despite increasing labour shortages, unemployment is still a major issue in some Member States. Supporting companies in their recruitment procedures through, for example, social security exemptions when recruiting long-term unemployed can therefore constitute an effective tool to bring people back into the labour market.

Despite large variations in life expectancy across Europe, it remains very high, with countries like Spain and Italy amongst the 10 longest-living countries in the world. Against this background, Ceemet believes that national policy makers should continue to engage in an in-depth debate on “retirement policies”, with a view to adapt them accordingly to the evolving situation of the labour markets, life expectancy and the financial situation of the retirement systems. In parallel, companies should make their best efforts to keep workers at the workplace as long as possible in order to address growing labour shortages. MET companies have invested for many years and continue to invest in ensuring safe working conditions and protecting their employees from harm.





b. Develop the skills to face the green and digital transitions

The twin transition is arguably one of the quickest and most pronounced changes which industry has experienced in living memory and in the coming years manufacturing is set to experience this transformation in full flow. Further, our industries are one of the main drivers of the green transformation and a key to its success.

Nevertheless, within the broader EU manufacturing sector, the MET industries are particularly affected by the need for skills to make the green and digital transition happen.

Indeed, MET companies have a pressing need for Data analysts, Engineers, Cybersecurity specialists, ICT specialists, Technicians, as well as workers with the adequate analytical skills and system design skills.

Not only that, but the skills shortage is especially acute in the technology industries. For this reason, we consider that further and continuous training should focus on promoting the areas of digital green growth, such as the use of artificial intelligence, the development of robotics and automation in the manufacturing industry, the development of circular

economy technologies etc.

All these professions and skills sets are indispensable to ensure the success of the green transition and the digital transformation that our industries are undergoing. However, as we are all aware, blue collar workers continue to be indispensable for the MET industries to remain competitive and innovative. Likewise, we should not forget that our companies still have a need for more traditional professions such as electricians.

As we see above, the need for new skills adapted to the twin transitions is bigger than ever. This is not only because the need “per se” of new skills and competences has increased rapidly but also due to the fact that companies throughout the economy and across all sectors are now competing for the same talents, in particular in the area of “digital skills.”

c. Don't underestimate STEM & soft skills

Some of the most important skill sets necessary to succeed in industry are often the ones which are underestimated, Science, Technology, Engineering and Maths (STEM) and soft skills.

We must highlight STEM education to learners from an early age to ensure its uptake. Furthermore, we must particularly highlight these disciplines to young women in order to try to ensure a balanced representation in industry. Despite the overwhelming body of evidence that there is a large labour market demand for these competences, particularly with the green and digital transitions of industry, it remains a challenge to attract young people and women to study STEM disciplines.

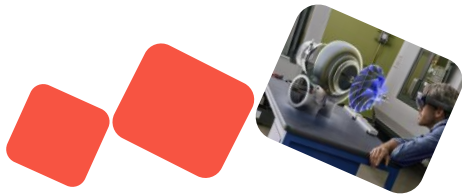
In addition to technical skills, soft skills - or interpersonal skills - are essential for the employability and adaptability of employees. This holds particularly true in the context of a globalised and digitalised world of work but also for those working in complex production chains and agile working environments.

Likewise, we need to continue to raise awareness amongst students of the quality job opportunities and career possibilities that our industries offer. In this regard, it is important that students are informed about industry opportunities throughout their school career. Teachers certainly have an important role to play here and should thus be constantly re-trained in this field.

d. Make Vocational Education and Training a first choice

Vocational Education and Training (VET) responds to the needs of the labour market; it plays a key role in skills development, both through school-based and work-based learning; and it is an important element of lifelong learning systems often ensuring better employment prospects.

Why then do we still perceive this education as a choice for less ambitious learners? Nothing could be further from the truth! We must finally end the stigma associated with this type of learning and bring VET on par with third level, and other, education programmes.



In this respect, and in order to change the “negative attitude” towards VET we have to take into account that the choice of young people towards certain studies or careers is strongly influenced by parents, friends and acquaintances. Therefore, our industries should extend their “marketing efforts” to these people as well.

e. Facilitate the upskilling and reskilling of workers

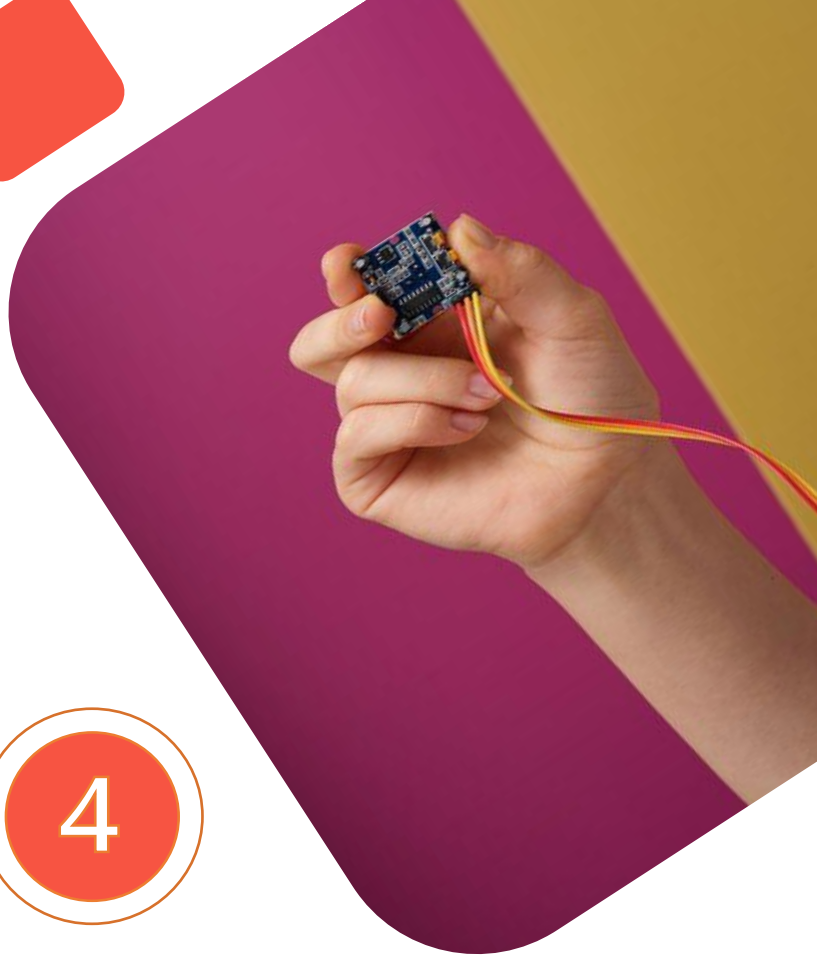
Fundamental to the success of any business is the continuous education and training and lifelong learning of its workforce. There is a twofold benefit to this with companies gaining a competitive edge in the market while employees develop new skills, allowing them to remain highly employable. A “win-win”, one might say. However, this opportunity is not always utilised. That is why we need a mentality shift in this area to promote its clear benefits.

It is crucial that the workforce is constantly trained in order to acquire the right set of skills so that the MET industries succeed in their digital and green transformation. Having said that, it is important that this training is labour market driven and adapted to the skills needs of the twin transition. It is the only manner for continuous training to be beneficial to companies. Furthermore, social partners play a key role in motivating the workforce to undertake training: this role must be recognised and promoted where possible.

We must ensure that we have the right training for the labour market and one way to do this is by strengthening the links between education & training systems and the labour markets. It is critical that education and training providers deliver the skills that companies need. For example, in Finland up to 26% of graduates from vocational education in technology become unemployed which means that the skills provided by education and training do not actually meet the needs of companies.

While, at the same time, we see a huge demand for employees with vocational training. We need to change this reality!

Anticipation of skills needs is of the utmost importance. However, this has to be achieved jointly with mandated social partners. It is only via this avenue that we can see the true anticipation of the skills needs for a particular labour market.



Give social partners a key role

4

a. Leave the necessary room for manoeuvre for social partners

Representative and autonomous social partners are best positioned to discuss and agree on how to represent their workers and companies. Therefore, it only makes sense that we must leave adequate room for manoeuvre to social partners to develop these discussions and agreements.

However, the role of social partners does not end there. They provide a wealth of information and consistently raise awareness on the types of training which exist, how to access it and crucially its labour market relevance. Much of the training for non-formal and informal learning is on-the-job. Therefore, social partners also input in this context.

Furthermore, education and career guidance also play important roles provided by these actors, often targeting employees who need it the most, such as low-skilled workers and students. In addition, social partners are best positioned to participate in skills forecasting and anticipation. For instance, they can provide good practice examples for programs aimed at upskilling and reskilling.



b. Allow for deviation from EU legislation by collective agreement

The various types of national models of social dialogue and collective bargaining systems are based on decades of evolution. In many of these models, social partners play a vital role in determining working and employment conditions. These systems are fundamental to the competitiveness of specific countries, industrial regions and companies.

As a baseline, EU legislation must not interfere with a core competence of representative national social partners when it comes to determining the organisation, actors and functioning of collective bargaining systems at a national level.

Likewise, it is imperative that EU legislation does nothing to affect this finely tuned balance. EU legislation cannot limit the possibility of national social partners to deviate from national collective agreements in a way they find feasible.

What is more important, is that the European legislator must also place trust in the social partners ability to take responsibility for good working conditions in the labour market and for their ability to balance between workers' and employers' interests. In order to safeguard the incentives for the social partners to negotiate and take responsibility for the well-functioning of the labour markets, all legislation, be it at national or European level, needs to be appropriately framed and leave room for manoeuvre for autonomous collective bargaining. This can be achieved by EU policy and legislation allowing for independent and equal national social partners to adapt, complement or deviate from the EU legislation by way of collective agreements.

c. Promote the consultation of social partners/participation of industry

Representative social partners are close to the needs of companies and workers. Therefore, they are best placed to provide innovative tailor-made solutions to challenges which may arise. Moreover, sectoral social partners are even closer to the needs of their industries. They therefore hold an even better position in this context.

It is therefore imperative that we see meaningful consultation of social partners in any, and all, legislative initiatives which are to affect them. Not only in the area of employment and social affairs but also more broadly as often other legislative initiatives have indirect effects on companies. A well-functioning, fit for purpose social dialogue allows companies and workers to successfully shape the future of industry and legislators need to better tap into this wealth of information.

Moreover, social policy making should better reflect employers' contributions to social partners' consultation.



d. Guarantee Social Partners' autonomy

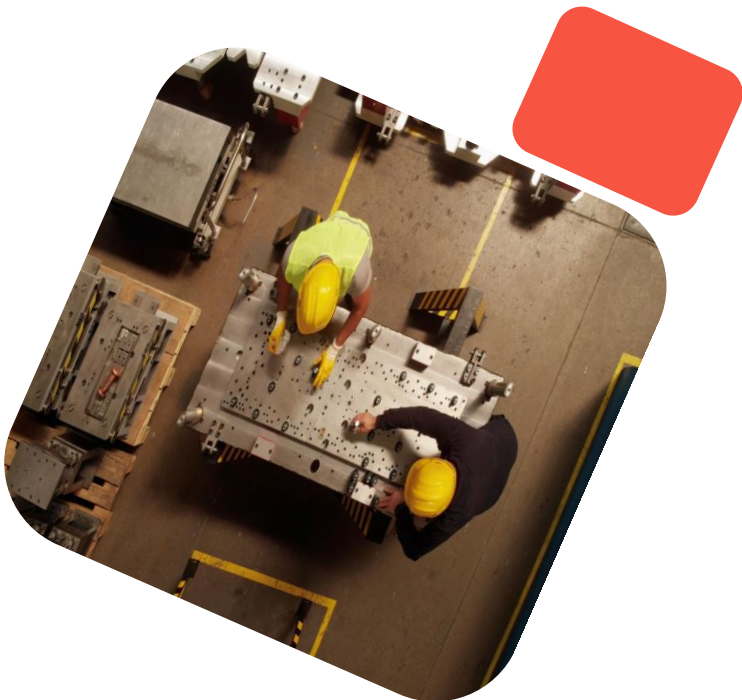
The role of social partners cannot be overstated: they are key in developing solutions for the labour market. In order to deliver these solutions, social partners must be given adequate autonomy. That autonomy allows social partners to choose the best outcomes for their particular industry.

It is for good reason that wage setting and collective bargaining are autonomous processes. Social partners are on the ground, they see the day-to-day running of the companies, and are therefore best placed to link wages to productivity. They are also aware of the financial capacity of companies and have knowledge of many other issues linked to remuneration.

In many countries, wage setting is a core competence of social partners. Therefore, the EU should not interfere in this finely tuned process, particularly where there is no legal basis to do so. The implications of this are massive, and far reaching. Breaching social partner autonomy risks weakening their role and by extension weakening collective bargaining and all the implications therein.

e. Support the capacity building of social partners

It is imperative to support the capacity building of social partners in order to improve their representativeness and by extension their ability to be involved in value adding social dialogue. In fact, it is only via strong and representative social partners that we can see the provision of joint innovative and tailor-made solutions to the challenges which are faced by companies. This is particularly true in the current industrial environment which we find ourselves. In this context, we must guarantee that the autonomy of social partners is respected and that we ensure the development of capacity building.



Conclusion

Our industries have been faced with a challenging situation for many years. Historical challenges such as high vacancy rates and a lack of international competitiveness are now coupled with supply chain difficulties, inflationary pressures, skills and labour shortages and a host of other economic issues.

That is why, now more than ever, we must get the balance right when legislating. The EU must stay firmly within their competence when proposing new legislative texts and ensure that we reduce unnecessary administrative burden on companies. Our industries need legislation which is easy to apply and allows fluid and flexible labour mobility within the internal market. On that note, we need a further deepened single market which provides the right framework conditions not only for innovation but also for companies to grow and flourish across borders. This will foster the creation of the internationally competitive companies of the future. Although the EU Institutions today understand much better the important role of a competitive and robust industrial base at the heart of the European economy, they often forget about it when it comes to new regulatory burden in the field of social policy.

Having said all that, we feel the European Union has huge added value for our companies. Whether through the introduction of the SURE mechanism, the Recovery and Resilience Facility, the Single Market Emergency Instrument or the development of the eDeclaration for posting of workers, the EU continues to deliver for its companies and its citizens. Furthermore, Ceemet is committed to achieving many of the goals of the Green Deal, and the MET industries are already engaged in wide-ranging efforts to advance the green transition. While we see some drawbacks, the economic opportunities in this context are manifold and must be seized. It is in this light that we look forward to engaging with you over the next mandate of the European Parliament and European Commission to further bolster European competitiveness and ensure we continue to supply the well-paying jobs which underpin our social market economy.



Key requests

1

Move towards totally frictionless labour mobility in the Internal Market



- ❖ Exempt business trips and activities abroad which last only a limited number of days from the prior notification requirement to Member States authorities.
- ❖ Create an EU-wide eDeclaration in order to standardise and simplify the reporting obligations for postings within the European Union.
- ❖ Provide for clear and updated single national websites outlining the specificities of each national system as regards terms and conditions of employment in the light of posting of workers.



2

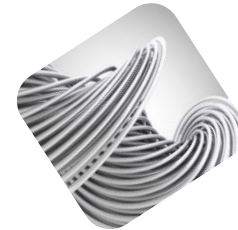
Adopt fit for purpose regulation in full respect of the EU Treaties

- ❖ Act only in areas of shared competence if the aims of the proposed action cannot be adequately accomplished by the Member States.
- ❖ Improve impact assessments to identify required and proportionate EU legislation.
- ❖ Develop European standards with the goal of gaining a level playing field in the single market in the context of supply chains.
- ❖ Implement the one-in one-out principle and the target of reducing reporting obligations by 25 percent in the Directorate Generals of the Commission.
- ❖ Building on this, each Directorate General should, at the end of each mandate, show how they have implemented the one-in one-out principle.
- ❖ Ensure impact assessments all the way through the legislative process, including during the European Parliament and Council processes.
- ❖ Use, correctly, the 'think small principle' in SME tests.
- ❖ Deploy, swiftly, competitiveness checks on EU legislation.
- ❖ Respect the differences of the national labour markets of the Member States as regards social affairs and labour law and notably, the boundaries set by art. 153(5) TFEU.

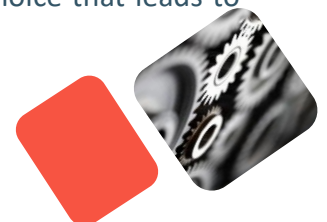
- ❖ Be conscious of the adverse impact of gold plating on business.
- ❖ Put a greater emphasis on best practice and guidance, in the field of Occupational Safety & Health, to make complying with EU legislation as less burdensome as possible.
- ❖ Avoid prescriptive EU level regulation that makes it difficult for companies to flexibly adapt to new realities facing their industries.
- ❖ Guarantee EU regulation and its national implementation is always checked against the principles of subsidiarity and proportionality and is based on the most recent evidence available.



Provide a highly skilled workforce



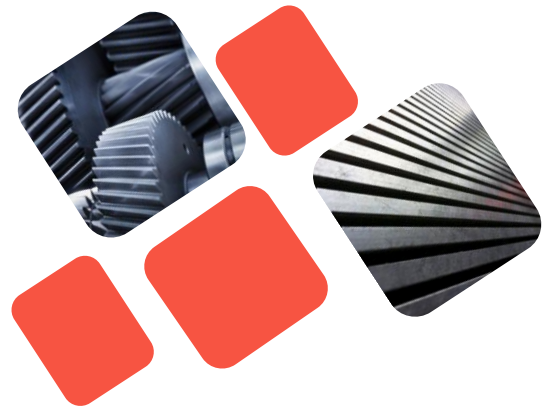
- ❖ Put in place well designed legal migration policies – in order to attract third country nationals to Europe in an unbureaucratic and easy manner.
- ❖ Invest in active labour market policies with a view to bringing those people who are not in employment nor in training back to the labour market:
 - Put in place high quality, affordable and accessible childcare facilities as an effective tool to incentivise women back into the labour market.
 - Support companies in their recruitment procedures, through for example social security exemptions, to facilitate the integration of (long-term) unemployed into the labour market.
- ❖ Adapt continuous training to the skills needs of the twin transition.
- ❖ Boost the investment in STEM related studies and disciplines as well as in soft skills.
- ❖ Put in place the adequate awareness raising campaigns with a view to attracting women and young people to STEM.
- ❖ Invest in excellent VET systems with a strong component of work-based learning.
- ❖ Increase the visibility and attractiveness of VET as a first-class training choice that leads to quality employment in the MET industries.
- ❖ Invest in up-skilling and re-skilling of the workforce in the MET industries.
- ❖ Foster continuous training that is labour market driven.
- ❖ Invest in anticipating the skills needs of the future in order to design education and training programmes that are adapted to labour market and employability opportunities.
- ❖ Promote awareness-raising campaigns on the importance of lifelong learning and Continuous Education and Training.

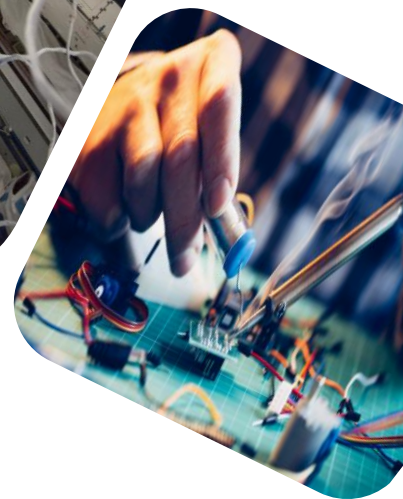


4

Give social partners a key role

- ❖ Leave the necessary room for manoeuvre for social partners to cope with the emerging challenges of the world of work.
- ❖ Involve social partners in counselling and advice of employees, in particular of low-skilled, on the type of training they should undertake.
- ❖ Reinforce the cooperation between social partners & industry and education & training providers in order to better identify the industrial skills needs of the future and adapt education and training programmes accordingly.
- ❖ Respect the autonomy of social partners and ensure no EU or national interference in collective bargaining and wage setting systems.
- ❖ Ensure that EU legislation does not limit the possibility of national social partners to deviate from national collective agreements in a way they find feasible.
- ❖ Ensure social partners are consulted on employment related topics and also on those initiatives that impact on companies within an appropriate timeframe.
- ❖ Endeavour to better reflect employer's views in policy making.
- ❖ Boost capacity building of social partners where necessary, with the aim to improve its representativeness while respecting social partner autonomy.





ceemet

European Tech &
Industry Employers

Rue Belliard 40/ Belliardstraat 40,
1040, Brussels, Belgium

T: +32 (0) 2 786 30 45

E: secretariat@ceemet.org

 www.ceemet.org  

EU transparency register 61370904700-45