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**COMMUNICATION ON “IMPLEMENTING THE COMMUNITY LISBON PROGRAMME : A POLICY  
FRAMEWORK TO STRENGTHEN EU MANUFACTURING - TOWARDS A MORE INTEGRATED  
APPROACH FOR INDUSTRIAL POLICY”  
COM(2005)474 FINAL OF 5 OCTOBER 2005**

<b>CEEMET POSITION PAPER</b>
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## **Introduction**

CEEMET represents the interests of employers' organisations in the metal, engineering and technology-based industries from 19 countries with a particular focus on social policy issues. Furthermore, CEEMET has established and is developing a network of contacts with employers' organisations in the new EU Member States. Our member organisations currently represent around 200,000 companies, employing some 12 million people.

Together these companies make up the largest industrial sector in Europe both in terms of employment levels and added value. In the wealth they generate, the people they employ and the skills they provide, our members' businesses are vital in driving forward Europe's future economic prosperity and have a key role in creating wealth for our society. Moreover, the income that they generate fuels other sectors, including the services sector. The growth of the latter results largely from services provided to our sector whose products represent more than 70% of European exports. Creating and maintaining an environment that ensures a thriving and competitive manufacturing sector should therefore be a common goal for all stakeholders in Europe.

CEEMET welcomes the Commission's Communication on "Implementing the Community Lisbon Programme: A policy Framework to strengthen EU manufacturing - towards a more integrated approach for industrial policy" that was published on 5 October 2005 and the fact that the Commission recognizes the crucial role of industry for "Europe's ability to grow". CEEMET also fully shares the observation that the industry "is currently undergoing important changes and facing major challenges" and thus "needs a favourable business environment to continue to develop and prosper".

Industrial policy does not normally fall within the remit of CEEMET. However, since several topics in the Communication refer to social policy related issues, CEEMET feels that it should respond to this Communication focusing only on initiatives announced by the Commission which have a link with social matters.

## **New legislative simplification programme**

CEEMET is very pleased that better regulation at all levels has been identified as a key challenge for several sectors, including parts of our sector (e.g. motor vehicles & ICT industries). We support these initiatives and welcome the Commission's simplification programme that was published in October 2005. However, we look to the Commission to extend this initiative to other areas as part of its ongoing rolling programme. With this in mind, we will closely follow the publication, later this year, of the proposed Green Paper on the evolution of labour law. Especially in the social field, CEEMET members are convinced that more labour market flexibility is necessary and will contribute to improved competitiveness.

In our view, all existing and future social policy regulations at European and national level should always be checked against the principle of subsidiarity. As a general rule, the following three questions should always be asked before any European legislative proposal is considered. Is there an objective need for it? Are the costs proportionate to the benefits? At what level of government – whether European, national, regional or local – is action most appropriate? As the initiators of EU legislation, the key principles of subsidiarity and proportionality must be followed by the European Commission as well as by national governments when implementing European legislation. CEEMET believes that all EU legislation should be subject to a thorough and transparent cost-benefit analysis, including the costs caused by unnecessary administrative burdens. We also see no reason why automatic review mechanisms, to check the effectiveness of initiatives after they have been in force for a few years, cannot be formally written into all EU legislation. Finally, CEEMET Members are of the opinion that the documents produced by the Commission should be made more accessible to readers and easier for them to understand.

### **Improving sectoral skills**

CEEMET has been examining the issue of skill shortages for many years and our members share the Commission's assessment that this is a key challenge for our industries. However and contrary to what the Commission states in its Communication, CEEMET members believe that the relocation of industrial activity is generated by many factors including skill shortages, costs and market opportunities – and not only by skills issues. Therefore, it is difficult to identify the reason that is the predominant one in a company's decision to relocate.

CEEMET is well aware of the various Commission initiatives to tackle this issue, especially the recently presented European Qualification Framework (EQF). As expressed in its position paper of 21 December 2005 on this initiative, CEEMET agrees that the voluntary European Qualification Framework could become a tool to increase transparency and facilitate the comparability of employees' occupational qualifications and thus help to create a partial solution to the problem of skills shortages. However, we are also convinced that, to be effective and efficient, a number of changes and clarifications need to be made to the EQF before it can be finally adopted. Furthermore, CEEMET members consider that the EQF will not solve all skills shortages and we therefore believe that other initiatives need to be taken. We have noted the Commission's willingness to "assess the nature of the skill problems in particular industries" and thus to "identify current sectoral skill requirements and skill gaps", but we are quite sceptical about the potential results that could be achieved by this initiative. The measurement of these "skill requirements" and "skill gaps" is a difficult exercise at European level and it would therefore be better to involve national sectors in this process.

### **Managing structural change in manufacturing**

CEEMET has noted with great interest that the Commission has identified several parts of our sector as potentially affected by structural adjustment (e.g. motor vehicles, shipbuilding and steel). While we understand the Commission's reasoning for identifying these industries, we think that this should not preclude action being taken in other manufacturing industries if and when it is necessary. Broadly speaking, we are supportive of efforts to refocus the use of structural funds in this direction, subject to the usual caveat that this should be focused on dealing with the outcomes of restructuring and not as a way of trying artificially to prevent restructuring from taking place.

Furthermore and as stated in our position paper of 10 June 2005 on the Communication on "Restructuring and employment: Anticipating and accompanying restructuring in order to develop employment: the role of the European Union", we consider that any Commission initiative in this area must reflect the fact that company restructuring is based on the strategic and economic decisions of the management of an individual company. Such decisions depend on a range of different, complex and

interrelated factors so that there can therefore be no single solution to address the restructuring of undertakings. Moreover, we consider that the extensive range of legislative instruments that already exist at both European and Member State level in connection with the management and anticipation of restructuring processes means that there is no case for any further legislative interventions on this issue to be initiated by the European Commission.

### **An integrated European approach to industrial research and innovation**

If European industry is to successfully compete in the intense global market, we must achieve significant and sustained economic and productivity growth with innovative products. An important element for achieving this necessary increase in productivity and competitiveness in Europe is a comprehensive and “needs driven” research and development policy in order to create an environment that will foster new and innovative production processes and products. This policy needs to be supported by investment in infrastructure and capital equipment as well as by better collaboration between industry and higher education institutions. On this issue, CEEMET believes that the European Union has a role to play and could do more to support Member States’ action on research and development.

As regards the two initiatives in the Communication under this heading, namely the establishment of the European Industrial Research and Innovation Monitoring System and the setting up of the High Level Stakeholders Group, we await more concrete proposals on the way that these will be implemented before commenting in detail on them. However, we would at this stage like to stress that it is crucial to ensure that the “High Level Stakeholders Group” is truly representative, really effective and produces tangible results.

Brussels, 13 April 2006