

Joint CEEMET-EMF statement on the Commission Communication on “Industrial Policy for the globalization era”

Introduction: The first year of formal social dialogue between CEEMET and EMF has shown that both organizations are united in their demand and actions for a strong industrial base and manufacturing sector in Europe. They believe that strengthening the industrial base in Europe is paramount to the realization of the Europe 2020 Strategy. CEEMET and the EMF strongly welcome that industrial policy represents a flagship initiative within the Europe 2020 strategy. With this statement CEEMET and the EMF would like to comment on the Commission’s industrial policy communication that spells out the details of the EU’s new industrial policy strategy. Whereas the core of the Communication is based on speeding up the transition to a low carbon and resource-efficient economy of energy-intensive industries and promoting access to secure and affordable supply of raw materials, CEEMET and the EMF focus their particular attention on **social and employment policy** issues.

CEEMET and the EMF appreciate that the importance of manufacturing industry for Europe’s wealth, tackling the challenges of our society, good quality jobs and sustaining our social model is confirmed as is underlined in the title of the first chapter of the Communication: **“Europe needs Industry”**.

EMF and CEEMET are glad to note that industrial policy has moved up on the European Agenda and that the different policy approaches sketched in the Commission Communication are oriented towards sustainable economic growth, innovation, and energy- and resource efficient production. These will enable companies and their workforce to benefit from market opportunities through transforming and modernising to maintain industries’ competitive advantage vis-à-vis emerging economic heavyweights.

To achieve this, CEEMET and the EMF are of the firm view that a competitive MET industry requires supportive framework conditions. Policies must be coherent and promote an overall environment that ensures a competitive manufacturing sector able to deliver high quality and sustainable employment. EMF and CEEMET particularly welcome the Communication’s commitment to coordinated European policies and a targeted sectoral approach.

CEEMET and the EMF underline that there are strong links between **industrial** and **social** policy. Only sustainably competitive industries can create high quality jobs and an effective industrial policy fosters the social dimension of Europe. CEEMET and the EMF welcome the broad approach to industrial policy and the recognition that industrial policy must encompass all policy areas that impact on the competitiveness and sustainability of Europe’s industry. We would like to emphasize however, that this leads to questions of leadership and responsibility and requires a strong coordination between the different Directorate Generals of the Commission regarding the various Flagship Initiatives.

The Communication on “Industrial Policy for the globalisation era”:

The Commission rightly emphasises the increasing importance of globalisation and international competitiveness for European manufacturing and the need to increase productivity and innovation. EMF and CEEMET advocate a **broad-based innovation strategy** that also recognises the contribution of non-technical innovation such as modern work organisation. They believe that an innovation strategy that makes full use of the creativity and competences of workers is an essential lever for innovation and upgrading of production processes.

Another important measure to face the challenges and opportunities is to seize the benefits from accomplishing the **European Single Market** and avoiding the erection of protectionist fences. At the same time, the EMF and CEEMET stress that increased mobility of companies in the internal market must be compatible with safeguarding key features of national industrial relations systems and point to the controversial debate surrounding this issue.

❖ **“Skills base” (Chapter 5.2)**

CEEMET and the EMF appreciate that the Communication underlines that along with the focus on strengthening the knowledge base in research and innovation a **strong, competitive and sustainable MET industry is dependent on a skilled, innovative and motivated workforce** and that industry has an important role to play in education and training at all levels. To motivate people and companies to invest in vocational education and training (VET), Europe also needs a strong industry offering favourable employment prospects, which are dependent on enticing framework conditions for business. The issue of “skills shortages” will become of increasing importance due to demographic changes and an ageing workforce. In fact, many efforts have already been made by companies themselves and social partners at different levels and in different ways to deal with the issues above to ensure that more people are attracted to VET and the industry, from increasing cooperation between industry and VET providers to ensure that curricula match labour market needs to campaigns to attract women to VET and a career in manufacturing.

Central to raising the quality and image of VET are: good career guidance, more permeability between VET, general and higher education, stronger attention on teaching and learning methods, enhanced and effective long-term cooperation between VET providers and industry. Through higher quality VET in conjunction with the permeability described before, the target of developing graduates in science, technology, engineering and maths as set out in the Communication can be better achieved.

It is important to note that the discussions between the EMF and CEEMET revealed that the most effective level to deal with these issues is the local level.

Last but not least it is important to maintain a dialogue from the local to the European level building on mutual trust and openness between schools, industry and government to help give the education system the flexibility required to make necessary adjustments efficiently and effectively. Supportive policies at national and European level will be decisive for the success of the efforts.

❖ **Restructuring (Chapter 7.2)**

Companies in the MET sector are involved in an ongoing process of change as structural change. The same is true as regards business cycles and recurring deep economic shocks. It is essential that companies and workers are able to meet these challenges. This stresses the need for conditions which make it possible for companies and their workforce to adapt and be flexible when needed. Overall, the EMF and CEEMET agree that fundamental to successfully navigating the crisis has been the possibility at sectoral and company level of finding –temporary- solutions accepted by both sides of industry which ensure adaptability and workable solutions, demonstrating that tools for addressing restructuring have to be

found at local, national and European level¹. In fact, one of the explanations for the success of manufacturing has been its ability to quickly adapt to changes and to drive market relevant innovation. In this respect CEEMET and the EMF appreciate that the Communication highlights that better **anticipation and managing of restructuring** would help employees and companies to adapt to transitions imposed by excess capacities as well as by modernisation and structural adjustment. With regard to **restructuring**, the Communication mentions that management and worker representatives are key players for agreeing on restructuring strategies at company level, to ensure their future competitiveness and viability, since experience has shown that competitive-driven structural adaptation is quickest and most efficient. Change should not be feared, but rather be perceived as an opportunity which may be influenced in a positive way.

The EMF and CEEMET underline that beyond the immediate task of managing the impact of the economic and financial crisis, companies and their workforces in the European MET sector must also be equipped to meet the challenge of international competition and the need to cope with ever faster technological and organizational changes, and to see these changes as opportunities. Knowledge, skills, technological innovation, innovative work practices as well as adaptability are essential pre-conditions in this process.

There is however a limit to the ability to anticipate changes, not least due to the fact that changes are occurring so quickly, as was shown by the still ongoing financial and economic crisis. This means that even if the ability to anticipate changes of the nature being discussed now were to be improved, there will still remain a need for rules on employment which provide sufficient adaptability and flexibility for companies to meet that change. In our ongoing discussions, the EMF and CEEMET take note of the application of different flexibility strategies on company as well as on sectoral levels, often as a result of collective agreements. We will work together to increase our mutual understanding about different forms of adaptability and innovative work place practices, e.g. ways to regulate working hours and other working arrangements at company as well as sectoral levels.

Finally, we strongly recommend that the consultation of the European social partners on a European framework for restructuring in the Communication "An Integrated Industrial Policy for the Globalisation Era" remains limited to the social partners as they are the key actors in the management of change at company level, which is rightly recognised in the said Communication.

❖ **"Building on CSR" (Chapter 7.3)**

An increasing number of companies take the decision to launch initiatives falling under the concept of Corporate Social Responsibility, a diverse concept that has been applied in many companies according to their needs, probably unwittingly, since long before the term CSR was created.

We believe that Corporate Social Responsibility can under certain conditions contribute to competitiveness and sustainability performance of European manufacturing industry. EMF and CEEMET are willing to discuss the merits of CSR.

❖ **"Improving Framework Conditions For Industry" (Chapter 3)**

The EMF and CEEMET welcome certain concepts presented around implementing "Smart Regulation", such as the competitiveness proofing (avoiding negative spill over effects from/to other policy areas) and ex-post evaluations. Regarding the "reduction of administrative burden by 25%" CEEMET and the EMF point out that smart regulation should foremost be understood as reliable "better quality" regulation. Whilst this is not automatically linked to less regulation, EMF and CEEMET agree that over-regulation has negative effects on growth and employment. The European Union should not one-sidedly adopt regulation, foremost concerning environmental issues, which impede the competitiveness of European industry by putting greater burdens on European industry than on their competitors. Furthermore, the EU should not adopt regulations that directly create an unlevel playing field for certain regions or countries *within* the union.

¹ Examples are shown in the CEEMET-EMF Statement on "Competitiveness and Employment in a Globalised Economy" of 2 December 2010 and a respective compilation of various national examples to overcome the crisis.

Also here – and this is a well-worn phrase – action in this area will speak louder than words. In particular, comprehensive impact assessments – subject to neutral scrutiny - need to be improved and should include the specific knowledge and expertise that social partners have on the practical implications of planned legislation.

To conclude, EMF and CEEMET are glad to note that **industrial policy** has emerged high on the European Agenda, though the Industrial Policy for the Globalisation era is still very vague. The key question is, whether the Commission will be able to deliver a new industrial policy? Against the background of a number of important initiatives announced, of which the “Industrial Policy for the globalization era” is one, and their dispersal in different Commission services, the EMF and CEEMET would like to underline the importance of strong coordination between all services for the combined effect of the different flagships to rally be able to achieve “smart, sustainable and inclusive growth”.

❖ **Using the expertise of social partners**

CEEMET and the EMF expect that both sides of industry are consulted on all emerging policies that impact on the competitiveness and employment in the European MET industries.

For CEEMET and EMF to efficiently provide evidence-based opinions and constructive expert input on relevant initiatives, it will be important to be able to identify leadership within the Commission on the different Flagship initiatives. This is at the moment very difficult. Consequently we would appreciate to receive information that would provide a clear and comprehensive overview of specific actions in the Europe 2020 strategy dealing with employment and social policy and the respective services which are in charge of implementation.

CEEMET and the EMF can and are willing to constructively contribute to this process of maintaining and improving the conditions for a competitive European manufacturing industry, mainly by creating trust, exchanging good practices, offering support, be a window to the industry for EU level decision makers – with the aim to improve the framework conditions for internationally competitive, sustainable companies with sustainable employment.

Brussels, 15th April 2011