



10 Point Plan for a competitive industry sustaining social Europe

The contribution of the European
Tech & Industry Employers for the
9th legislature of the European Parliament

ceemet

European Tech &
Industry Employers



Did you know that

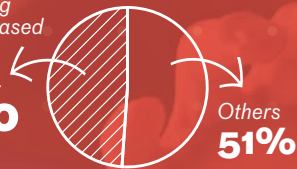


200,000

companies and workers are indirectly relying on meaningful legislation that underwent a competitiveness check before being rigorously implemented.

Metal, engineering and technology-based industries sector

49%



of all employees of the manufacturing sector, or 17 Million, are working in the metal, engineering and technology-based industries sector making it important which partner you talk to.

€ 119 Billion



represents the investment of companies in tangible goods, making a 1st step to ensure a digital transformation.



1.25 Million

new and qualitative jobs have been created between 2013 and 2017 by the European tech and industry sector. With the right-skilled people this figure could increase the coming years.



€ 90 Billion

is the all-time high the European tech and industry is investing in innovation to find sustainable solutions e.g. digitalisation and the world of work.



10%

is the average of what wages exceed in the metal, engineering and technology-based industries compared to similar sectors. A social Europe is built upon competitive wages.



+40%

of the world's social spending occurs in the 28 Member States of the EU. Supporting EU's industrial base is a precondition to remain the most social region in the world.

39%

is the export outside the EU, underlining the importance of the EU as a trading block.



Who is Ceemet?

- Ceemet represents the **Metal, Engineering and Technology-based industries (MET)** employers in Europe. It covers sectors such as metal goods, mechanical engineering, electronics, ICT, vehicle and transport manufacturing.
- Our member organisations represent **200,000 companies** in Europe, providing over **17 million direct and 35 million indirect jobs**.
- Ceemet is a **recognised European social partner** at industrial sector level. Our vocation is promoting global competitiveness for European industries through consultation and social dialogue.



INTRODUCTION

Why Europe & industry need an ambitious plan

In view of the elections to the European Parliament in May 2019, the European Tech & Industry Employers want to stimulate a discussion on how to make the EU future-proof while recalling that its success is closely linked to an internationally competitive industry.

Ceemet believes in a strong EU which can only unlock its full potential if it, jointly with all Member States, focuses and acts on the big challenges, such as digitalisation, globalisation, resource efficiency, climate and demographic change and migration. It can only successfully face these challenges if it takes a new approach on the way it regulates and implements agreed policies.

The Ceemet 10 Point Plan lays the groundwork for a facts-based discussion offering ideas from our sector for turning today's and tomorrow's challenges into opportunities.

Real debate on the Future of Europe



Better regulation



International competitiveness



Digital industrial era



Skills skills skills



Agile labour markets



Social partners make the difference



Investment in tech & industry



Global trade & Brexit



Consult industry





POINT 1

Real debate on the Future of Europe

Changing rationale for EU – Opening a new chapter in Europe’s success story.

New challenges require new ideas

The notions ‘peace & unity’ as the EU’s *raison d’être* have lost traction with Europe’s citizens. This central chapter of Europe’s success story is not clear to younger generations. Likewise, the EU’s contribution to prosperity for Europeans is consequently being overlooked. Recent trends of nationalism and protectionism bear witness to this.

We see the fragmentation of the political landscape, with a problematic increase in nationalism and protectionism inside and outside of the EU, along with a loss of trust in institutions at all levels. This change is closely connected with surging euroscepticism in many Member States. Worries and uncertainty too often shape the debate, including concerns about decreasing prosperity and standards of living.

Europe’s citizens need to be reassured that, in times of globalisation and rapid technological change, with new economic superpowers emerging, we will do better together in a union than as weaker single nation states. More than ever before, Europe needs a common policy on trade and economy, boosting companies’ competitiveness on a global scale.

Maintaining Europe’s unmatched social spending through a competitiveness boost

The Five Presidents’ report (2015), the Commission White Paper on the Future of Europe (2017) and its subsequent reflection papers on the future of Social Europe and the Deepening of the Economic and Monetary Union have one goal in common. They foresee further EU competences and regulation in social and employment policy to achieve upward social convergence, which is supposed to be done through a European Pillar of Social Rights or creating a European unemployment reinsurance scheme. This is a

precarious misconception as it fully ignores how social policy is financed.

European citizens and politicians need to recognize that, whereas the EU only represents 7% of the world population and about 22% of global GDP, the EU28 spend over 40% of worldwide social expenditures¹. Gaining control of these unparalleled expenditures and making them sustainable can only be attained through cultivating an innovative and internationally competitive economy and industry in Europe. This has to become the top priority of the European Union.

A thorough reset is needed for a realistic and open debate on sustainable prosperity. A starting point is that Europe's tech & industries' companies ensure quality employment for over 35 million people in Europe, and therefore play a central role in financing social Europe. Currently, this industry is trying to navigate the path to industry 4.0 in a highly competitive global market. Further legislation at European level, reflecting the concerns of yesterday's economies and labour markets, will not benefit the competitiveness of tomorrow's industry.

Focus on Unity & Subsidiarity.

Digital Europe = Social Europe

We believe that the future of European prosperity largely depends on a successful transition to a digitalised industry and society. If Europe wants to succeed, much of the debate and actions, including massive investments, must focus on a seamless European (Digital) Single Market.

While adhering to the principles of subsidiarity and proportionality, Europe must be ready to seize the opportunities offered by digitalisation and empower its citizens to do the same. Diversity is the basis of the European Union, but we need a commonly shared vision that is implemented by all Member States, companies, workers and societies. Member States alone cannot make the big investments necessary for the provision of coherent digital infrastructures, cybersecurity or data protection.

Unity is also urgently needed for defending European interests in free and fair global trade given the forceful policy followed by China and the sea-change in the transatlantic partnership.

A strong Europe can offer visions and solutions that give confidence to citizens, workers and industry.

We believe that increasing industrial competitiveness and seizing the opportunities of digitalisation will help maintain a social Europe and, in turn, broaden the support amongst European citizens for the unique European project.

A European digitalisation strategy that is human centric, supporting the empowerment of people, has the potential to open a new chapter in Europe's success story, provided there is a real open debate on the future of the European project.



Better regulation

The future of the EU depends on a fit-for-future regulatory framework including labour markets.

Simplify regulation & convince citizens

Regulation must be needs based, coherent, cost-efficient and stable to successfully pass the “competitiveness check”. Relevance, efficiency, and adherence to the principles of subsidiarity and proportionality have to be the guiding principles of any new EU regulation. Freedom of contract as well as soft law measures, such as best practice and guidance for Small and Medium-sized Enterprises (SMEs), must therefore always be seriously considered. Ceemet fully supports the principles behind the ‘Better Regulation Agenda’ and the related REFIT exercise to simplify and improve the regulatory environment.

We encourage the new European Parliament and Commission to deliver tangible results on ‘Better Regulation’, as this will boost international competitiveness, business investment and job creation.

The Commission needs to consider the cumulative effect of legislation and focus on truly independent and objective impact assessments (IA), which take into account all additional costs – both public and private. Any action taken as a result of an IA study should also reflect the outcome of such a study. Currently, EU level employment legislation is too often driven by political motives. This was both the case with the Revision of the Posting of Workers Directive, which started as a simple targeted revision but was then pushed, without appropriate consultation of Social Partners¹, and with the Commission’s proposal to introduce an EU definition of “worker”, arguably rendering process of the beginning of EU level harmonisation of labour law.

1. Ceemet. (2016). Legal & Practical implications of the revision of Directive 96/71/EC concerning the Posting of Workers in the framework of the provision of services.

EU legislation must be properly implemented, applied and enforced before initiating new ones².

Better regulation = Keep It Simple but Strict

EU institutions must be relentless in removing red tape that too often stifles business investment and chokes competitiveness and job creation. As SME's are particularly vulnerable to unfit and overly burdensome legislation, this also hampers the creation of start-ups in Europe.

If Europe wants to see growth, investment and job creation, all stakeholders have to live up to the principles of 'Better Regulation' and appropriate framework conditions.

Key Messages

- #1 EU institutions and Member States must make efforts to improve national implementation and support enforcement of the existing EU regulatory framework, before introducing new regulation.**
EU level regulation should be founded on 'subsidiarity & proportionality'. It must be needs based, applicable and enforceable. If not intended to fix a problem, not based on comprehensive and objective impact assessments and not enforceable, there should be no regulation.
- #2 Assess continuously the relevance of existing legislation and its implementation, with a focus on reducing its burden and costs, in particular for SMEs (REFIT).** Ensure that fit-for-purpose framework conditions offer room to develop new technologies.
- #3 Legislators should remember that subsidiarity is also meant to bring citizens closer to Europe.**
- #4 The European Pillar of Social Rights (EPSR) must be put into perspective: it is a proclamation, not a new European Constitution.** Be vigilant, EPSR is not about creating new social rights. Employment could potentially be negatively affected as overly strict labour market regulation can induce firms to increase their capital intensity. Technology could be used to replace workers when facing rigidities imposed by strict regulations³.

2. European Council. (2017). The Rome Declaration.
3. OECD. (2017). Employment Outlook 2017.



International competitiveness

Europe is the cradle of industry and has an unparalleled industrial base. An internationally competitive industry in Europe is the foundation for the creation of growth and quality jobs.

Improve business environment

Tech & industry companies operate in a globalised world and find themselves at the

forefront of international competition. Ceemet members' companies are competing with firms from across the globe who often have more favourable conditions to do business. This makes it imperative for the EU to get the balance right when it comes to regulating for the globalised world in which our companies operate.

Only a healthy industry can sustain the EU's high social spending.

Quality jobs financing social Europe

With global trade and global value chains as the basis of our economies, an internationally competitive industry in Europe is a precondition for remaining the most social region in the world. Europe is world champion in social spending, with over 40% of the world's social spending occurring in the 28 Member States of the EU, while Europe only represents some 22% of global GDP and just 7% of the world population¹. Europe's policy-makers must realise that global value chains, open trade and the promotion of enterprise and innovation in the EU have an added value.

The level of wealth created by, and the international competitiveness of, European industry was nurtured by trade, and in particular the creation of the Single Market. However, these principles are currently under threat. Be it due to protectionist measures hampering trade or unsustainable competition of lowering corporate taxes to attract busi-

nesses outside Europe. The framework conditions for doing business must be right in order to keep and make Europe fit to compete on international markets, utilising its unique products, services and talent. Measuring and benchmarking of business regulations, such as done by the World Bank, will help and should be taken into account by European policy-makers when taking decisions affecting the future of industry.

Europe & its industry: a successful combination

Europe, its entrepreneurs and workers, have the potential to successfully manage the big and disruptive changes driven by digitalisation, such as the 4th industrial revolution. If understood and well managed as a European project, digitalisation can result in a more equitable creation of growth and prosperity.

In these uncertain times, Europe needs a clear statement from politicians that this is the direction for the future of Europe, and that this growth, wealth and jobs will only be created with an internationally competitive industry.

Key Messages

- #1 European policy-makers should make a clear statement on the importance of international competitiveness of the industry and act accordingly.** Their vision of an ever more social Union can only be achieved with an industry in good shape.
- #2 European policy-makers should pay more attention to the international competitiveness of Europe as a place to do business before they launch additional regulation.** This international benchmarking could be based on the Doing Business Report of the World Bank.
- #3 European policy-makers and social partners have to work towards the objective of an internationally competitive industry in Europe.**

1. Eurostat.



POINT 4

Digital industrial era

Open a new chapter of the European Union's success story.

Prepare EU for digital future

A seamless Digital Single Market (DSM) is a precondition for Europe to succeed in the global pursuit for digital leadership; to boost economic growth, competitiveness and employment.

To sustain its top position in social spending worldwide, Europe must become the global frontrunner in developing new technologies and bringing them to market. I.a. robotisation and artificial intelligence will drive innovation of processes and resource efficiency of products and services. It can enable European industry to remain or become a global champion in many sectors.

Completing the EU's DSM strategy requires massive public investments in infrastructures, including via public-private-partnerships, e.g. for universally accessible broadband, high-speed computing,

cybersecurity or big data. Member States alone will not be able to manage this process.

Fit-for-future regulation

Regulation put forward and existing regulation must pass a digital competitiveness check to unlock the potential of technological progress. European or even international standards in the technical area can facilitate digitalisation of industry. This is not true for EU level harmonisation (upward convergence) of national labour laws. It would thwart the uptake of digitalisation¹ and constrain the creation of start-ups in the EU.

The 2018 General Data Protection Regulation (GDPR) is a step in the right direction in overcoming a fragmented set of data protection rules from all Member States. While GDPR adequately covers data-processing in the employment relationship, the general approach of data minimisation is in contrast with big data and risks hindering innovation and the setting up of start-ups. Citizens and

1. OECD. (2017). Employment Outlook.

companies must not be left alone with GDPR. Ceemet members are actively supporting their member companies, but Member States and EU institutions must do their share. The Commission's 'one-stop-shop' must swiftly offer concrete help to implement GDPR.

Streamline & coordinate

The Commission's 'Digitising European Industry' initiative has kicked off a dynamic process, leading to the creation of many multistakeholder Digital Innovation Hubs and platforms. Despite the creation of a 'European platform of national initiatives', these are still too uncoordinated. As time and cost efficiency are of crucial importance, Europe must speed up its efforts to streamline its policies and activities to digitise all regions of the EU, society and industry. Digitalisation as horizontal European policy area, in which different Directorates General of the Commission work together, is a 1st step.

The EU and its Member States must boost market-relevant research. Time-to-market for innovation

has to be shortened to ensure that European -funded- ideas are being produced and marketed inside the EU. Ceemet welcomes more and easier accessible co-funding on research, development and innovation for industry and tech start-ups, infrastructures, technical standards and schemes for digital right-skilling, in particular for SMEs, as seen in the EU's 2021-2027 Multiannual Financial Framework proposal.

1.25 million reasons to be confident

Digitalisation will see jobs disappear and new ones being created. Ceemet supports the Commission's judgement that new technologies in general could have a positive effect on jobs at the EU level².

The fact that the 200,000 companies represented by Ceemet created 1.25 million quality jobs between 2013 - 2017 gives reason to be positive. And although digitalisation is driven by technological progress, the human factor is at the heart of this development³.

4

Key Messages

- #1 Digital transformation can only be successfully managed and turned into opportunities in a genuine European effort.** Digitalisation will boost economic growth, competitiveness and employment. Therefore, the European DSM Strategy has to be swiftly completed and implemented with the full commitment of all Member States.
- #2 Efficiency and effectiveness of diverse European and national initiatives have to improve. Policies and activities, such as Digital Innovation Hubs, must be better streamlined.** The findings from the plethora of initiatives should be better analysed and the results shared. This will accelerate the uptake of digitalisation across Europe and among all sizes of companies.
- #3 The new normal of digitalisation requires a comprehensive overhaul of the business and investment environment at European and national level.**
- #4 The negotiations on the Commission's proposed 2021-2027 Multiannual Financial Framework should be finalised before the European Parliament elections in May 2019.** Europe should focus its efforts on enabling tech & industry companies, especially SMEs and start-ups, to swiftly manage their digital transformation.

2. Ceemet. (2018). Digitalisation and the World of Work.

3. European Commission (February/2018). Employment and Social Developments in Europe.



POINT 5

Skills skills skills

Digitalisation has massively changed skills needs and will continue to shorten the half-life of knowledge.

European dimension of national competences

The skills gap needs to be addressed at both national and EU level and funds need to be set aside to help education and training systems adapt to technological change. This will help companies cope with the major technological changes, in order to remain competitive and continue providing quality jobs¹.

The EU has recently launched different initiatives to highlight the importance of Vocational Education and Training (VET), digital skills and Science, Technology, Engineering and Mathematics (STEM) education, amongst others. However, these good initiatives alone will not be sufficient. While fully respecting the Member States' competence in the area of education and training, the EU should encourage and support national policy-makers to

adapt their education and training systems to a digitalised world of work.

Making VET a 1st choice

Ceemet welcomes the Commissions' objective of making VET a first-class option² for learners that leads to quality employment. In the tech & industry sector we have long been advocating this at both national and EU level.

In this context it is important that national policy-makers make VET demand-led through the participation of employers in the design and delivery of VET courses. This will enhance its labour market relevance and contribute to making VET a first choice, especially for young Europeans.

National policy-makers should also support and foster the permeability between VET and higher education in order for students to move more easily from one system to the other. This will open up opportunities for learners and also help remove the stigma that VET pigeonholes students, rendering it a more attractive choice.

1. Ceemet. (2018). Digitalisation and the World of Skills and Education.
2. COM(2016) 381 final: A new Skills Agenda for Europe.

Tear down barriers to develop digital competencies.

Digital skills for everyone

Too often, schools don't have digitally confident teachers, or the relevant equipment. Member States must urgently take action to ensure that education and training systems are adapted to the digital transformation. Reform curricula to guarantee that the acquisition of relevant digital skills starts at an early age and is carried out throughout life. This includes STEM education from the start. Basic coding should be introduced in every classroom throughout Europe and digital learning should be integrated across all curricula. These kinds of initiatives will also help attract more women and young people to STEM - and eventually into jobs in the tech industry.

Further, cooperation between industry and education and training providers should be reinforced in

order to better understand and anticipate the future skills needs.

Lifelong learning

Employers largely recognise the importance of continuous training, especially in the context of an evolving digitalised world of work. However, many Small and Medium-sized Enterprises (SMEs) find it problematic to train due to different reasons such as the lack of (financial and human) resources. Therefore, in order to get as many employees as possible into lifelong learning, SMEs need support in developing adapted schemes. Ceemet is pleased to see that in the current proposal of the next Multiannual Financial Framework (MFF) substantial resources are dedicated to this.

Nevertheless, lifelong learning is a shared responsibility between employers and workers, demanding motivation, action, and self-management from the employee to be successful.

Key Messages

- #1 National policy-makers should invest in making VET more attractive, so it becomes a first choice for learners that leads to quality employment.** Quality VET systems are critical in responding to the current skills shortages that are occurring in the manufacturing and technology-based industries.
- #2 The European Tech & Industry Employers identified 7 essential skills employees will need to master the digital transformation.**³ The development of new professions linked to the emergence of digital technologies will require massive investment in new skills to manage the industry of the future.
- #3 Boost STEM education from an early age to address the digitalisation of industry.** Also invest in entrepreneurial (digital) skills, together with soft and managerial competences, as they too are key to the success of tech companies when coping with major technological changes. Workers have a responsibility to undergo relevant and continuous training to cope with the challenges of a digitalised industry and ensure their employability.
- #4 Allocate, especially in the next MFF, more and better targeted EU funds for right-skilling initiatives.** Support SMEs in identifying their skills needs and develop training schemes to address those skills needs. Simplify access and administration rules of EU funds, especially for SMEs.
- #5 Strengthen cooperation between industry and education providers and ensure they share best practices.**

3. Ceemet. (2018). Digitalisation and the World of Skills and Education.



Agile labour markets

Offer room for innovation and experimentation to match the new reality.

Opportunities of digitalisation

European companies, in particular Small and Medium-sized Enterprises (SMEs), do not compete on a level playing field with companies from other regions of the world, which are fully embracing the benefits of digitalisation. Therefore, the EU has to be innovative, open to experimentation and seize the opportunities offered by technological progress.

Digitalisation and technological progress lead to new ways of product development and shift parameters of production, sales and aftermarket. At the same time, the platform economy is challenging the boundaries of the regulatory environment, including labour market regulation. These developments question whether the legislation designed in the past is still compatible with the reality and needs of customers, companies and workers in an industry 4.0.

#Futureofwork

With digitalisation in progress, work becomes increasingly disconnected from a set place and a defined time. This leads to new forms of work organisation and changes in work patterns¹. Working time regulation must, thus, be adapted to the changing world of work to allow flexibility for both companies and workers.

Coordinating economic policies via the European Semester should support national labour market reforms. In particular by the creation of agile labour markets that match the needs of an increasingly digital economy, with changing patterns of work. A rigid regulatory framework will only hinder the roll-out of digitalisation of industry and further increase the already high labour costs².

EU legislators must be open to agile labour markets that allow employers and employees to shape work 4.0. The EU must provide the right framework conditions that reflect changing realities and offer room for manoeuvre, instead of developing new

1. Ceemet. (2018). Digitalisation and the World of Work.
2. Ceemet. (2018). Chief Economists Report 2018.

and unfit regulations, to keep pace with societal and technological changes. Indeed, it has been shown that the introduction of new technologies in the workplace in those countries with overly strict employment legislation tends to negatively impact employment³.

Agile labour markets lead to upward convergence of employment.

Regulation as part of the solution

Many tech start-ups develop innovative solutions for economic, societal or environmental issues of

the 21st century. Therefore, the right framework conditions should also be put in place to help them grow and become competitive so that they continue to provide quality jobs.

Supporting entrepreneurship and start-ups has a significant societal pay off. Agile labour markets are more resilient and more inclusive. They allow for necessary adaptations due to economic and technological changes and will bring opportunities particularly for those who have difficulties entering the labour market. Agile labour markets should be the preferred (political) choice.

Key Messages

- #1 Not everyone has realised that digitalisation goes beyond broadband and interconnectivity; labour markets are an integral part of the regulatory framework for digitalisation.**
An appropriate framework is a pre-requisite for internationally competitive tech industries with the potential to continue providing quality jobs in Europe. Digitally savvy legislators are key to a successful up-take of industry 4.0 and across all types of companies.
- #2 Prepare the ground to shape digitalisation by promoting reform of national labour markets into agile labour markets, with new types of work and new concepts of work organisation.**
- #3 Be open and recognise that agile labour markets are more resilient and will help bolster employment creation when digitising European industry.** Rigid employment protection tends to have a negative impact on job creation and the uptake of digitalisation in industry.
- #4 The EU and its Member States should respect subsidiarity, give future and existing labour market regulation a reality check, and focus on promoting national labour market reforms within the European Semester.** Existing labour market regulation at European and national level should be subject to regulatory fitness checks (REFIT).

3. OECD. (2017). Employment Outlook.



POINT 7

Social partners make the difference

Social partners are key players

Industrial relations are not static and have evolved differently in different national economic, political, social and cultural environments. There cannot be a single EU model. In the majority of cases, Collective Bargaining (CB) systems play a prominent role in determining working and employment conditions, including pay.

The current trend around CB systems in Europe goes towards leaving more room for the company level, such as by providing opening and deviation clauses in Collective Agreements (CA). Social partners are closer to the industry and are thus able to autonomously and based on a solid mandate broker tailor-made solution from the firm to the national sector level.

Challenges for national social partners

The emergence of the platform economy raises questions about the relevance of traditional industrial relations and CB systems. A big challenge for social

partners is to adapt their business model to this new reality. This is already underway. The digital economy might partly explain the fall in trade union density, which so far is not the case for employer organisations, although more companies affiliate without being obliged to apply a CA. Requests to legislators, to declare CAs generally applicable to all companies and workers, including to -entrepreneurial-crowd-workers and platform companies, will not lead to sustainable solutions. Rather, it will be perceived as incapacity on behalf of social partners to find own solutions and thus weaken their position.

EU Social Dialogue

Art. 154 & 155 TFEU foresees a privileged EU level social dialogue between recognised social partners, with the possibility to be consulted and act as quasi-legislators on Commission social policy initiatives. The Commission's 2015 initiative to relaunch social dialogue at EU and national level did not get the basics right for a value adding social dialogue, as it ignored social partner autonomy, mandates and

responsibilities. Instead, EU level social dialogue has become even more nebulous. The Commission replaced social partner consultations with open public consultations or so-called dedicated hearings with a selected number of social partners or even non-experienced and non-mandated trade associations or NGOs, for which other fora exist.

The European Semester, set up to coordinate economic policies, has moved beyond its remit into social policies.

Risks of interference in wage setting

Very worrying is the threat of interference from “Brussels” in wage setting. It creates a risk of politi-

cal interference in wage setting, a core responsibility of national social partners.

This is perilous meddling into industries’ competitiveness, as social partners and companies are in the best position to peg wages to productivity, the need to invest or other specific parameters. The EU must refrain from encroaching on the core competences of the social partners, including via the European Pillar of Social Rights and the accordingly revised guidelines for national employment policies, which call for “transparent and predictable wage-setting mechanisms”. These ideas are not founded in the Treaty and will be detrimental to the international competitiveness of the European tech & industry sector.

Key Messages

#1 Respecting social partner autonomy is a must for policy-makers.

#2 Policy-makers should dismiss their plans of interfering directly or indirectly in core social partner issues. Interference from “Brussels” into core issues, such as wages and wage setting, openly conflicts with social partner autonomy and risks undermining the international competitiveness of companies.

#3 EU-level sectoral social dialogue aims at contributing to improving the business and social environment. The objective is to promote competitiveness, sustainable and high-quality jobs in European industry. Representative and mandated social partners have to be consulted in good time on any Commission proposal in the field of social policy. The method of consulting stakeholders at the EU-level has to become non-discretionary and better coordinated.

#4 An expression of social partner autonomy is that the voluntary European (sector) social dialogue focuses on topics agreed by the (sector) 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, e.g. on digitalisation¹ and right-skilling², are an important and valuable outcome in themselves.

1. Ceemet & industriAll European Trade Union. (06/12/2016). Joint Statement: The impact of digitalisation on the world of work.
2. industriAll European Trade Union & Ceemet. (19/06/2017). Joint Statement: A Skills Agenda for Europe - No need for new but swift action.



POINT 8

Investment in tech & industry

Investment

Tech & industry companies continue their digital transformation. As Member States, supported by the EU, have to make massive investments in infrastructure, 5G and cybersecurity, our companies are also primed to make huge investments in the near future. These investments will be made with long time horizons, presupposing stable framework conditions and the full application of better regulation principles, alongside competitiveness checks.

Companies of the tech & industry sector underinvested between 2007 and 2016. Since then they are back on track again to continue investment, in new hard- and software, which has to be bolstered by EU funding.

The EU, Member States and financial institutions must provide easier access to funding. In particular Small and Medium-sized Enterprises (SMEs) lack

necessary knowledge on how to access funding, while the associated administrative burden creates yet a further obstacle. In fact, it is often the case that companies must contract specialists in applying for EU funding to help navigate this labyrinth of different funds.

It is important to raise awareness of EU funding and to make it more understandable and accessible. One idea could be to create a fully operational comprehensive 'one-stop-shop' for European funding, while learning from inefficiencies of past tools, such as the European Agency for SMEs 'one-stop-shop'.

EU's 2021-2027 budget

The Multiannual Financial Framework (MFF) proposed by the Commission in May 2018 contains good ideas to fund the digital transformation of companies, including a focus on right-skilling workers. The ongoing negotiations at national level,

between Member States and the European Parliament are key in enabling the EU's tech & industry to compete.

Innovation 'Made in Europe' should be produced in Europe.

This requires a more innovative and simplified budget, providing funding for riskier start-ups, which e.g. traditional banks do not finance. Furthermore, we need as soon as possible an agreement on the MFF so that the EU, without delay, can keep up investment with competing regions.

Financing digitalisation of industry is often dealt with in different EU funding programmes, with no single coordinated digitalisation investment programme. It is imperative to set this immediately up, as the required funding levels for digitalisation are not being met in many Member States. In addition, other methods to fund digitalisation, such as 'Invest' EU, should be considered.

Research & development

In our industries, we are looking for sustainable solutions to a broad range of societal problems: environment, energy supply, mobility, security, safety of the food supply chain and an ageing population, to name a few. The tech industries stand for about 75% of the private spending on R&D in the European Union. However, the EU lags behind the developed economies of the world in relation to business enterprise sector R&D expenditures when compared to GDP with a figure of 1.32%. The US figure is 1.99 %, with China at 1.59 %, and Japan and South Korea at 2.58% and 3.28 % respectively¹.

The 2021 – 2027 MFF must ensure equivalent, if not increased, and more and easily accessible, spending on R&D for manufacturing industries, infrastructures, technical standards and last, but not least, for further training of workers. The level of market relevant innovation stemming from R&D should be bolstered and promising company concepts and start-ups should not be left alone once EU co-funding has run out.

Key Messages

- #1 Maintain stable and reliable framework conditions for private investments which are required for doing business.**
- #2 Overcome existing bureaucracy, create a fully operational 'one-stop-shop' for European funding, one single point where companies can get all information related to EU funding.** Specifically, for digitalisation, the European Commission must imminently set up a single coordinated digitalisation investment programme as the required funding levels for digitalisation are not being met in many Member States.
- #3 Overhaul non-transparent structures of funding and co-funding whether at European or national level.** We have to arrive swiftly at an efficient and effective funding environment in Europe.
- #4 Increase investment in R&D.** According to Eurostat figures, comparing business enterprise sector R&D expenditures to GDP for the years 2015 and 2016², the EU lags behind the developed economies of the world. Further investment must be made in this area, so the EU can catch up with its competitors.

1. Ceemet calculation based on 2015–2016 Eurostat figures.

2. Ceemet. (2018). Chief Economists Report 2018.



POINT 9

Global trade & Brexit

The EU is a world powerhouse of trade & a 1st mover on globalisation.

Trade & global supply chains

To be sustainable, trade must be based on rules, standards and norms, promoting fair competition between all parties. Globalisation is vital for an innovative and competitive industry, which in turn creates jobs and wealth in Europe. It is equally important to make the link between the fact that the tech industries are Europe's prime exporter, with about 2/3 of sales being realised thanks to exports, and the respective employment trading and global value chains which are created in Europe. Exports have increased by approximately 65% over the past 14 years and helped since 2013 to create 1.25 million new quality jobs¹.

Key drivers of prosperity

Free trade and open markets have been key drivers of the prosperity which we all enjoy in the EU. In a challenging global environment of increased nationalism and protectionism, the EU must continue to strive for new types of international trade agreements, while protecting our existing trade relations. These trade agreements must address global issues, from overproduction to intellectual property rights, and ensure bilateral investment, while not lowering EU social standards. International global supply chains are essential for our industries. They drive innovation, productivity and quality². In this context, we must maintain free and frictionless trade with one of our key trading partners, the UK, both during the negotiations and after the conclusion of the Brexit process. Disentangling this trading relationship will be virtually impossible and economically detrimental.

1. Ceemet. (2018). Chief Economists Report 2018.

2. Ceemet. (2016). Brexit: a 'lose-lose' situation for EU manufacturers.

In view of ongoing shifts of international economic and geopolitical powers, Europe as the biggest global trading block has to speak with one voice. This shapes the new types of international trade agreements in a balanced way *vis-a-vis* the US, China and other trading partners.

Brexit is a 'lose-lose' situation for manufacturing in the EU & the UK.

Future relationship with UK

Tech & industry companies need certainty in order to plan their business decisions. Post-Brexit, we must ensure, insofar as possible, a level playing field between the EU27 and the UK. This includes a single regulatory environment, supported by mutual recognition and regulatory cooperation, with a mechanism to avoid regulatory divergence. We must maintain free and frictionless trade, avoiding

tariff and non-tariff barriers to the movement of goods and services, while ensuring the integrity of the Single Market. Furthermore, it is imperative that we enable workers, at all skills levels, to move freely between the EU and the UK to support complex supply chains and address the sector's skills gap³.

No industry is an island

Tech & industry employers operate within intertwined and complex EU supply chains, and this must continue in any post Brexit scenario. Goods and services must be allowed to circulate seamlessly between the EU and UK, without tariff barriers and under a common set of rules of origin. In return for access to the EU market, negotiators must explore fair contributions by the UK to economic development in the EU and to EU programmes and agencies.

Key Messages

- #1 To be able to shape upcoming new trade agreements, in particular with powerful partners such as China or the US, the European Union as the biggest trading block in the world has to overcome national and sometimes even regional particular interests and speak with one voice.** This will in turn lead to more balanced trade agreements with the EU giving reassurance to its citizens.
- #2 Free and fair trade is a source of wealth in the EU. European policy-makers and trade negotiators must jointly defend European interests in global trade.** Europe has to be an equal negotiating party, particularly in view of the current forceful policy followed by China and the sea-change in the transatlantic partnership.
- #3 In so far as possible, Brexit negotiators must deliver status quo trading arrangements between the EU27 and the UK for tech & industry companies.** We need the movement of employees of all skill levels to bridge the skills gap that exists within our sector. This may require a longer transition period.
- #4 A no-deal Brexit is not an option.** The EU and UK negotiators must agree on a mechanism that the UK would, at a minimum, remain aligned to the EU Customs Union and Single Market rules.

3. Ceemet. (2018). Digitalisation and the World of Skills and Education.



POINT 10

Consult industry

Consulting industry is part of taking an informed decision.

Focus on what really matters

An internationally competitive industry is at the heart of Europe's progress and wealth creation. It therefore also helps sustaining top levels of social spending in the EU.

An internationally competitive industry is in the interest of policy-makers and legislators. It will make a significant contribution to putting Europe (back) on track and offer solutions to economic,

societal and environmental challenges, such as resource efficiency and climate change.

Consequently, there is an obvious interest in establishing a process of regular and meaningful, facts-based consultation with industry. Through such consultation, politicians will be able to take informed and proportionate decisions that lead to fit-for-future regulation.

Consultation with industry should become a natural reflex for any politician. This serves the purpose of finding solutions for problems of the real economy and society.

Representative & trustworthy partners

Our members are in the middle of a massive digital transformation. Being close to the industries' needs is a precondition to support the sector and by consequence Europe. With a scale of +200,000 companies, of which the majority are small and medium-sized, Ceemet and its membership are the interface for sharing facts-based and legally solid industry intelligence.

As formally recognised social partner for the European Tech & Industry Employers, the human centric approach is at the heart of our organisation.

For these reasons, Ceemet is best placed to offer solid, and as necessary critical, views to all political stakeholders, at local, regional, national and European level.

Let's stay in touch!

The Metal, Engineering and Technology-based (MET-) industries represented by the European Tech & Industry Employers, are the aggregation of 8 subsectors:

- NACE 25: Fabricated Metal Products
- NACE 26: Computer, electronic and optical products
- NACE 27: Electrical equipment
- NACE 28: Mechanical Engineering
- NACE 29: Automotive industry
- NACE 30: Other transport equipment
- NACE 32: Other manufacturing
- NACE 33: Repair and installation of machinery and equipment

Current situation

Recommendation

POINT 6 **AGILE LABOUR MARKETS**

Not everyone has realised that digitalisation goes beyond broadband and interconnectivity; that labour markets are an integral part of the right regulatory framework for digitalisation. Digitally savvy legislators are key to a successful up-take.

Prepare the ground to shape digitalisation by promoting national reforms for agile labour markets, with new types of work and new concepts of work organisation. Note that, rigid employment protection tends to have a negative impact on job creation and the uptake of digitalisation in industry.

POINT 7 **SOCIAL PARTNERS MAKE THE DIFFERENCE**

The 2015 Commission relaunch of EU social dialogue did not get the basics right for an added value social dialogue as it ignored social partner mandates, responsibility and autonomy. Interference from “Brussels” into core (social partners) issues, such as wages and wage setting, openly conflicts with social partner autonomy and risks to undermine the international competitiveness of companies.

European (sectoral) social dialogue aims at promoting growth, sustainable employment and high-quality work. Therefore, representative and mandated social partners have to be consulted in good time on any Commission proposal in the field of social policy. Policy-makers must respect social partners’ autonomy for the sake of a competitive industry providing quality jobs and dismiss their plans of interfering directly or indirectly into social partners core issues.

POINT 8 **INVESTMENT IN TECH & INDUSTRY**

The required funding levels for digitalisation are not being met in many Member States. Inefficient structures of European funding and co-funding hinder the digital roll-out.

With the digital reality, the Commission must immediately set up a single coordinated digitalisation investment programme together with a fully operational ‘one-stop-shop’ for European funding.

POINT 9 **GLOBAL TRADE & BREXIT**

The EU is not yet taking the role it should play, while powerful partners such as the US and China are forcefully defending their interests.

Free and fair trade is a source of wealth in the EU. This requires the Union to speak with one voice and overcome purely national - and sometimes even regional - interests.

POINT 10 **CONSULT INDUSTRY**

Policy-makers and legislators are not as close as Ceemet and its membership to the real needs and challenges that the tech & industry companies face in the middle of digital transformation.

Consultation with industry should become a natural reflex of politicians at all levels and should serve the purpose of finding solutions for problems of the real economy and its companies. This to ensure they are fit for global competition and provide quality jobs, financing social Europe.

Conclusions

Current situation

Recommendation

POINT 1 **DEBATE ON FUTURE OF EUROPE**

The *raison d'être* of the notions 'peace & unity' have lost traction with Europe's citizens. This central chapter of the EU's success story is not clear to younger generations. Likewise, the EU's contribution to the creation of wealth for Europeans is consequently being overlooked of which increased nationalism and protectionism bear witness.

A reset is needed for a realistic and open debate on wealth creation in Europe. The future of Europe's prosperity largely depends on a successful transition to a digitalised industry and digitally confident society. If the Union wants to succeed, much of the debate and actions, must focus on a seamless European (Digital) Single Market.

POINT 2 **BETTER REGULATION**

Regulation is too often driven by political interests. As crucial part of the framework conditions for doing business it should be needs driven, coherent, cost-efficient and stable. Relevance, efficiency, and adherence to the guiding principles fell out of focus.

EU level regulation should be founded on 'subsidiarity & proportionality'. It must be needs based, applicable and enforceable. If not intended to fix a problem, not based on comprehensive and objective impact assessments and not enforceable, there should be no regulation.

POINT 3 **INTERNATIONAL COMPETITIVENESS**

European policy-makers are not paying enough attention to the international competitiveness of Europe as a place to do business before they launch additional regulation.

Clear statements by policy-makers on the importance of the international competitiveness of the industry are a good start. Now they have to act accordingly as promised in their 2017 Rome Declaration. The vision of an ever more social Union can only be achieved with a healthy industry.

POINT 4 **DIGITAL INDUSTRIAL ERA**

Infrastructure and regulation for going digital in Europe is not up to the new normal of technological progress.

Digitalisation requires a comprehensive overhaul of the business and investment environment on European and national level. This includes increasing efficiency and effectiveness of diverse European and national policies and initiatives.

POINT 5 **SKILLS SKILLS SKILLS**

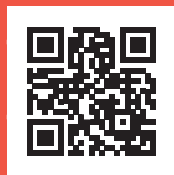
The ½ life of knowledge is reducing due to shorter innovation cycles. Continuous training gains importance as the current skills gap is a cause for reduced competitiveness of tech & industry companies.

Introduce digital learning from an early age and create a mindset where continuous training is a normal thing to do. Invest in digital, entrepreneurial and soft skills. Reducing the waste of talent also requires digital competent teachers.

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