



# Shifting Gears for a New EU Industrial Partnership

## A Manifesto

**alliance** for a competitive european industry

ACEA, CEFIC, CEMBUREAU, CEP, EURODEX, EUROLECTRIC, EUROFER, EUROMETALUX, FuelEurope, FoodDrinkEurope, ORGALUMI and BUSINESSEUROPE

# Who we are

The Alliance for a Competitive European Industry groups 11 major European industry sector associations and BUSINESSEUROPE. The common objective of its members is to promote the competitiveness of European industry on a global scale and to help address Europe's transformation towards a sustainable and low-carbon future.

The Alliance members account for:

- 23 million jobs
- 1.3 million companies (more than 3/4 of which are SMEs)
- €5.7 trillion turnover annually
- 10.7% of EU GDP

**The EU manufacturing industry accounts for about 15% of European GDP. But industry's strategic importance is far greater because it accounts for 1 in 5 jobs and it is at the very heart of both innovation (with 80% of all R&D expenditure) and global competitiveness (with 75% of exports). Europe needs a vibrant industry to spark the innovation and growth required to meet the societal and environmental challenges that lie ahead.**

Europe's political leadership, including the European Commission, the European Parliament and Member State governments has acknowledged the exceptional role of industry. Each of these institutions has repeatedly declared that a strong and competitive industrial base is a key factor for achieving a knowledge-based, safe and sustainable low-carbon resource-efficient economy with substantial manufacturing employment.

We call on the political leadership to develop a long-term industrial policy that would establish favourable, stable, consistent and predictable conditions to help businesses to invest, to promote excellence, innovation and sustainability and to ensure we meet the European Commission's goal that industry's share of GDP should be as much as 20% by 2020.

# The EU is good for industry and industry is good for the EU

The EU was built on a number of principles that lay a solid foundation for doing business, creating jobs and wealth for Europe's citizens and the free movement of goods and people. Over the past 20 years, Europe has established a single market, introduced the Euro and enlarged to the East. The Lisbon Treaty now provides us with a strengthened institutional framework to tackle the challenges of globalisation and sustainability. Now, more than ever, Europe's political leadership needs to ensure that this institutional framework delivers for both citizens and business in Europe.

# Alliance members: share of European manufacturing



Source: Eurostat SBS Database and Alliance analysis

# Industry is the engine of the low-carbon, resource-efficient and knowledge-based economy.

**Endowed with skills, knowledge and a highly innovative and competitive industrial base, Europe has a major responsibility and a major opportunity to ensure the necessary transition to sustainable, global growth.**

This is why the **Alliance for a Competitive European Industry** calls for an **industrial partnership** between the EU and its major industries in order to achieve the 20% GDP target.

We urge the EU political leadership to act on the following 7 priorities:

- |                      |                 |                          |
|----------------------|-----------------|--------------------------|
| 1 <b>Partnership</b> | 2 <b>Growth</b> | 3 <b>Coherence</b>       |
| 4 <b>Innovation</b>  | 5 <b>Trade</b>  | 6 <b>Internal Market</b> |
| 7 <b>Skills</b>      |                 |                          |



# Partnership

Work closely together with business to secure the future of Europe's industrial base.

**By 2025, Europe's place in the world will be radically different:**

- The EU will account for 6.5% of the world's population, while Asia will be home to two-thirds of it;
- The economic centre of gravity will shift to Asia, which will account for 30% of the world economy, compared to the EU's 20% share;
- Natural resources will come under even more pressure as the world's population grows by 10% to 8 billion people.

Despite being a small part of a bigger world, European industry has the ambition to play a leading role in building an EU economy which is economically, socially and environmentally sustainable. Without strong industrial activity, the European economy will not be sufficiently robust to support continued welfare for its citizens.

EU institutions and the private sector can and must work more closely together across the value chain to secure the future of Europe's industrial base, which is the bedrock of prosperity and sustainability.





# Growth

Establish the right policy mix to re-invigorate the economy and reduce the cost of doing business in the EU. Ensure that as we emerge from the economic crisis, European industry is more competitive and innovative than ever before.

**The crisis has reshuffled the cards, resulting in a more competitive global environment. Europe needs more robust economic growth to meet the social and environmental challenges that lie ahead. The recovery from the economic crisis that hit in the summer of 2008 is underway and we call for the following measures to ensure that companies can grow, invest and boost employment in Europe:**

- Favourable access to financing for all companies whatever their size;
- Effective competitiveness-proofing of all EU policies;
- Investment in infrastructure that will make Europe more competitive;
- Smart regulation which is consistent, predictable and cost-efficient, reconciling competitiveness and sustainability objectives.



# Coherence

Reinstate the economic pillar (competitiveness) next to the environmental (including climate change and resource efficiency) and social pillars of sustainability.

**Specifically, this integrated approach must aim at the following objectives:**

- The right governance to prioritise competitiveness and growth and to ensure investment in the key technologies that are needed to fulfil future societal needs and to drive employment and boost growth;
- Affordable energy reflecting production costs and eliminating policy-driven surcharges;
- A balanced, global solution to climate change;
- Dynamic and fair competition within and between energy sectors;
- A coherent raw-materials policy which supports the competitiveness of European industry and sustainability;
- Coherent resource efficiency and energy policies including recycling, waste avoidance and management;
- Renewable energy policies that do not undermine fair competition between energy providers and ensure access to a competitively priced supply of raw materials.



# Innovation

Establish an all-encompassing R&D and innovation strategy for Europe.

## **Innovation is key for growth and Europe needs more of it. We therefore call on EU institutions to:**

- Stimulate private investment by facilitating the development of an integrated EU venture capital market, and by encouraging public support for innovative businesses and breakthrough technologies;
- Leverage the potential of Horizon 2020 to maximise innovation and to promote close-to-market activities within European industry;
- Recognise the benefits of science-based policy making, and ensure that EU institutions accept the need to take risks in order to promote innovation and commercialisation of new products;
- Enhance the efficiency of EU public support schemes by improving the European Research Area governance model, the management of EU public-private research partnerships, and by embracing the key role of SMEs;
- Eliminate the difficulties associated with bringing new products onto the market by lowering unnecessary regulatory barriers, addressing public procurement, standardisation and interoperability and enhancing the Lead Market Initiative;
- Foster creativity and innovation by promoting, protecting and enforcing intellectual property rights;
- Promote the mobility of researchers;
- Reinvest EU Emissions Trading System revenue back into industry including through an industry Breakthrough Technology Fund.



# Trade

Ensure access to world markets and raw materials.

**The EU must aim to open export markets while maintaining effective trade defence instruments. In view of global economic challenges, such as unemployment, delocalisation and global value chains, the EU is increasingly facing protectionist measures from its trading partners. These include “buy local” provisions, state aids, non-tariff barriers (NTB’s) and other trade obstacles. We consider multilateral trade talks as the preferred route to trade liberalisation, but view bilateral and regional trade agreements as important opportunities to enhance global trade liberalisation.**

## **The EU must:**

- Strive to ensure that the Doha multi-lateral trade talks are successfully concluded as soon as possible with adequate provisions for market access in goods and services;
- Conclude fair and ambitious bilateral and regional Free Trade Agreements (FTAs) in Asia and Latin America, the USA and Japan;
- Ensure that EU business interests are fully taken into account when conducting impact assessments of FTAs;
- Pursue its Raw Materials Initiative, ensuring that European industry has access to raw materials, including renewable ones at world market prices. In addition, sustainable and responsible sourcing should be promoted in a manner that is least burdensome to EU industry.





# Internal Market

Complete the Internal Market without delay.

**Harmonised EU-wide legislation is essential for driving business growth and competitiveness. Despite the progress that has been made, many obstacles remain which impede the full economic potential of European business. We therefore call on EU institutions to:**

- Create a genuine EU Internal Market by removing all barriers to the free movement of goods and services;
- Ensure that subsidiarity and soft law does not inhibit the correct functioning of the Internal Market;
- Ensure a level playing field in the EU through the correct implementation and enforcement of EU legislation;
- Prevent national measures which prohibit the functioning of a European market.



# Skills

Foster and attract new generations of highly skilled and creative workers.

## **Human skills are the cornerstone of value creation and innovation. Europe's political leadership must:**

- Nurture skills development by promoting dual-learning apprenticeship systems, Scientific Technology Engineering and Mathematics – STEM – subjects, and lifelong learning with a view to supporting knowledge proficiency, workforce adaptability and personal and career path development;
- Address important challenges such as early school leaving, digitalisation of education, skills mismatches and shortages, increased global competition for skills, an ageing workforce, restructuring constraints, intercultural working environments and mobility;
- Develop an EU skills policy involving the European Commission, national and regional authorities, schools and universities, social partners, companies and workers. An essential component of this policy must be the better alignment of education and training systems with labour market needs;
- Through the European semester process, help to establish a framework that is conducive to job creation and improved skills development, including, notably, for workers of all ages.

# Alliance for a Competitive European Industry



ACEA (European Automobile Manufacturers Association) • BUSINESSEUROPE (The Confederation of European Business) • CEPIC (European Chemical Industry Council) • CEMBUREAU (The European Cement Association) • CEPI (Confederation of European Paper Industries) • FoodDrinkEurope • EURATEX (European Apparel and Textile Confederation) • EURELECTRIC (Union of the Electricity Industry) • EUROFER (The European Steel Association) • EUROMETAUX (European Association of Metals) • FuelsEurope (European Oil Refining and Marketing Industry) • ORGALIME (European Engineering Industries Association)

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