

Consultation on the EU2020 flagship on Industrial Policy

1. General Information

1.1 Please enter your name, address, and e-mail address. -open reply-(compulsory) European Trade Union Confederation, Blvd du Roi Albert II, 5, 1210 Brussels. ktrevayne@etuc.org

1.2 Who do you represent? -single choice reply-(compulsory) Other

1.2.1 Please specify:
-open reply-(compulsory)

the ETUC has in membership 85 National Trade Union Confederations from 36 European countries, as well as 10 European industry federations, making a total of 60 million members, plus observer organisations in Macedonia, Serbia, and Bosnia and Herzegovina.

1.3 In which sector(s) do you operate? -multiple choices reply-(compulsory) Manufacturing - Construction - Utilities - Other services

2. Policy Priorities facing European Industry

2.1 In your experience, which of the following policy-related factors are most important for the competitiveness of European business? Please select a maximum of three factors: -multiple choices reply-(compulsory) Access to finance and risk capital - Technologies, standards, design and innovation - Skills, restructuring and structural change

2.2.1 Access to finance and risk capital: please explain the importance of the issue, giving examples and evidence. -open reply-(compulsory)

Sustainable and progressive macroeconomic policies are the bedrock for public services and private companies operating in Europe alike. The ETUC reiterates our long-standing message that austerity does not and will not work: the policy is self-defeating and has failed. The view that rapid fiscal consolidation could restore confidence and push savings rates down has proven to be a myth again. In fact, fiscal consolidation has been accompanied by falling household confidence and weakened economic activity. An alternative approach is necessary combining financial market regulation and sustainable investments in kick starting Europe's economy. This demands a review of the allocation of risk for investments in financial market rules and fiduciary responsibilities to ensure that long-term sustainable development is rewarded rather than short-term speculation and shareholder value. The weak carbon price must be addressed urgently to stimulate investment in low-carbon technologies.

2.2.2 Access to finance and risk capital: how can businesses themselves better respond to these issues? -open reply-(compulsory)

One obvious and straightforward policy is for businesses to limit profit distribution in the form of dividend and CEO bonus pay outs, thereby using retained profits to build a capital basis so the company itself has higher financial control.

2.2.3 Access to finance and risk capital: what can policymakers do to address the issues at Member state, local or regional level? -open reply-(compulsory)

Individual businesses however tend to be caught in a 'market equilibrium' in which competition for capital and managers forces individual companies in engaging in a race of high pay outs, thereby ignoring or underestimating the longer term benefits of keeping financial resources inside the company. Similar to the use of precarious work by individual companies (where companies pushing for more labour force flexibility end up in damaging the incentives and structures to ensure the availability of skilled, motivated and engaged labour), there is a market coordination failure. To overcome this type of coordination failure, systems of representative collective bargaining at higher up levels (sector, region, countrywide) and tax policy measures to discourage excessive dividend or bonus pay outs are necessary.

2.2.4 Access to finance and risk capital.: what can policymakers do to address the issues at EU level? -open reply-(compulsory)

The EU must pursue the objective of a solid and well-regulated financial sector, but the pro cyclical arrangements of current financial regulation should be reviewed. Banking sector deleveraging (and the application of Basel III capital requirements) should target speculation rather than affecting jobs. Access of the banking sector to the ECB at an interest rate of 1% should be conditional on the distribution of adequate credit to the real economy. The practice of paying irresponsible bonuses and dividends must stop. Instead of member states competing on jobs, Europe needs to invest itself out of the crisis: a structural investment policy that is focused on upgrading the economic and industrial structure, in particular, of the 'deficit' Euro area economies, while developing a close synergy with the 'greening' of the European economy. As credit availability is still not back to normal, innovative finance mechanisms need to be supported: e.g. venture capital, micro-credits, green loans

2.3.1 Technologies, standards, design and innovation: please explain the importance of the issue, giving examples and evidence. -open reply-(compulsory)

Maintaining industrial production in Europe requires more versatile and wide-ranging exploitation of knowledge and research, as well as the creation of stronger links between industrial activity and service provision. Innovation is not an externality to companies but a social process that starts at the workplace. It enables technological and economic innovations to take effect, delivering a productivity and innovation leap for private and public enterprises, as well as higher quality jobs. A lack of investment in Workplace Innovation leads to lost economic opportunities, as demonstrated by an emerging set of research into the impact of intangible investment. Sustainable consumption and production demands dynamic regulation on product design as a key tool in directing and stimulating investment in innovation and opening market opportunities, while joint technology initiatives are essential to develop the necessary breakthrough technologies for long term competitiveness.

2.3.2 Technologies, standards, design and innovation: how can businesses themselves better respond to these issues? -open reply-(compulsory)

Private investment in RDI (technological and non-technological) remains too low in the EU, in comparison to other advanced regions and emerging economies. Innovation is crucial to maintaining market share and adapting to market shifts. It is the bedrock of a sustainable corporate industrial strategy. Increasing innovativeness cannot be achieved without making changes to operating models and leadership practices at workplaces. Recognising the importance of investment in lifelong learning and collective experience/know-how is key to industrial leadership and innovation. Businesses should be supported to: boost resource efficiency; develop sustainable business models e.g. Circular Economy examples; introduce environmental management practices; and develop 'sustainable factories of the future'. At the company level, trust between labour market actors and worker participation has a central role, in ensuring effective skills and innovation management.

2.3.3 Technologies, standards, design and innovation: what can policymakers do to address the issues at Member state, local or regional level? -open reply-(compulsory)

The development of national and regional innovation policies, supporting innovation cluster building and company networks is crucial, particularly in the context of the economic crisis. Public authorities at national, regional and local level have a crucial role to play in ensuring a supportive infrastructure for industrial and service activities, through the provision of quality public services and networks, notably well-resourced education systems (from basic to higher education), regional development services and business support particularly for SMEs. Actors at these levels should create networks for the exchange of good practice experiences on workplace innovation, supported by the Commission, to build capacity in this area.

2.3.4 Technologies, standards, design and innovation: what can policymakers do to address the issues at EU level? -open reply-(compulsory)

A broad array of policy tools should be developed: roadmaps, ambitious and intelligent regulations which trigger sustainable innovation, market-based instruments to steer behaviour of consumers and producers, an innovation policy that not only supports R&D, sectoral action plans for the development of eco-industries, the modernization of traditional sectors, to support supply chains and company networks, the development and market uptake of key enabling technologies. The EU single market must function in a way that supports an environment in which companies and organisations are motivated to develop innovativeness. EU product design regulation has proved to be a key stimulus for innovation and market entry, e.g. the Ecodesign directive should be extended to resource efficiency. Public procurement should play an important and guiding role. EU technology instruments should include worker representatives in their structures

2.4.1 Skills, restructuring and structural change: please explain the importance of the issue, giving examples and evidence. -open reply-(compulsory)

Europe is in the midst of the worst recession since the end of World War II. The problem is not only one of increased unemployment, but also of net job losses. The difficulties in adapting to change, which were already significant in the face of globalisation, climate change

and enlargement of the EU, have increased with the economic crisis. Over recent decades, global competition and company restructuring have led to the loss of employment in manufacturing industries in the EU, particularly amongst the low skilled. While “fiscal consolidation plans” coordinated at EU level are effectively enforcing widespread public sector restructuring. A key element of any industrial policy is having a skilled and well trained workforce to produce quality goods and services. However, EU labour market and employment strategy is focused on labour market reforms leading to greater flexibility and increased precariousness, which directly undermines the focus on up/re-skilling the workforce.

2.4.2 Skills, restructuring and structural change: how can businesses themselves better respond to these issues? -open reply-([compulsory](#))

Action on the anticipation and management of change is predicated on the respect for fundamental worker rights. Social dialogue, negotiation and participation are the fundamental values and tools which underpin and reconcile the promotion of social cohesion, quality employment and job creation, and increased innovation and competitiveness in European economies. Successful anticipation of change relies also on ensuring that companies’ long-term strategic planning take into account employment and skills needs focused in particular on developing on a permanent basis the skills and competences of their workforce. It is important to focus on how skills are utilised and developed at the workplace, not just on the supply of skilled workers. The situation with regard to working and employment conditions and the working environment is equally important.

2.4.3 Skills, restructuring and structural change: what can policymakers do to address the issues at Member state, local or regional level?

-open reply-([compulsory](#))

Public policy must provide a safety net through active labour market policies, strong social protection and support measures, this demands an adequate level of public investment in these areas which are currently subject to budgetary constraints and deregulation in many member states. Comprehensive lifelong learning strategies are required to ensure the employability of workers. The promotion of dual training systems, quality apprenticeships and training is of central importance at the beginning of a working life, while the development of sectoral training initiatives and funds in conjunction with the social partners ensures that workers regardless of company size are able to access training opportunities and companies are able to share the costs of vocational training. Evidence shows that union-led lifelong learning (e.g. UnionLearn in the UK) encourages workers to engage in vocational training and skills development. Good practices should be identified and shared at all levels.

2.4.4 Skills, restructuring and structural change: what can policymakers do to address the issues at EU level? -open reply-([compulsory](#))

If the European Union is to respond successfully to the challenges posed by the economic crisis, imposed austerity, globalisation, climate change, demographic trends, rising inequalities and the swift pace of technological and organizational change affecting society in general and the workplace in particular, it needs to have a far more coherent and ambitious approach to the employment and labour market dimension of industrial policy. Specifically, the EU should take urgent action and develop a strategic and pro-active approach with regard to anticipating and managing restructuring based on a European legal framework (as elaborated by the ETUC in response to the EU Green Paper in March 2012). For a decade, the ETUC has consistently called for a 2nd stage social partner consultation and EU action. Today’s employment and economic crises create an urgent imperative for this action.

2.16 If you have further comments on this consultation or suggestions please write them in the box below(max 1000 characters). -open reply-([optional](#))

Considering the importance of establishing a sustainable growth agenda for European jobs and industries, the ETUC is disappointed that the Commission has undertaken such a superficial consultation during the summer on the mid-term review of the industrial policy flagship initiative and in preparation of the forthcoming Communication. Europe urgently needs a Just Transition strategy, including a strong and coordinated industrial policy, this merits a real consultation with sectoral and interprofessional social dialogue committees.

2.17 Do you want to upload a longer written response or background documents? -open reply-([optional](#))

Attached is slightly longer version with a list of additional ETUC and interprofessional social partner documents which provide the grounds for positions taken in this consultation.

3. Publication of contributions

3.1 Please indicate here if you wish your contribution to be anonymous. Unless you specify otherwise, your contribution will be

Please publish this contribution under the name given

published on the Commission's website together
with your identity. -single choice reply-(optional)
