

Public consultation on the Europe 2020 strategy

Contribution by Industriarbetsgivarna, the Swedish Association of Industrial Employers

Industriarbetsgivarna (The Swedish Association of Industrial Employers) hereby submits its contribution to the European Commission's public consultation on the Europe 2020 strategy. Industriarbetsgivarna encompasses four employers' associations in the Swedish basic industry: the Swedish Forest Industries' Federation, the Steel and Metal Employers' Association, the Mining Employers' Association and SVEMEK (welding industry). The organisation consists of 860 member companies with 82.000 employees. Swedish basic industries are indirectly responsible for approximately 300,000 – 400,000 jobs.

The gross and net export value from these branches of industry are yearly 27 billion and 15 billion euros respectively.

Free movement of goods and services are of main priority for Industriarbetsgivarna. The organisation focus on strengthen the competitiveness of the member companies through sector- and company-specific collective agreements, which build on the specific conditions of the Swedish basic industry, some of which relevant characteristics include the following:

- **High net-export value:** Companies operate in an internationally competitive environment. They are highly dependent on exports to world markets and have a high net-export value. The prices of their products are set on global markets with very limited possibilities to compensate for increased costs such as for energy, raw materials, labour and taxes. Thus, flexibility is crucial for our member companies.
- **Capital-intensive and commodity based operations:** Companies' operations are characterised by large, long-term investments. Companies are often located outside the large urban areas. In order to attract investments, long-term stability in legislative frameworks and industrial relations is of highest importance. Furthermore, it is essential that the plants are able to operate at all hours, every day.
- **Continuous processes and vulnerability to industrial conflicts:** Operations are often continuous, running 24 hours a day, all year round. Automation is high. Companies are sensitive to shutdowns and disruptions, including through industrial conflicts. The justification of industrial actions should therefore be subject to the proportionality of the action envisaged or taken.

- **Skills-intensive companies:** The number of unskilled tasks is declining. Fast technological development and high-value automation demand high skills and flexibility in working patterns.
- **High trade union density:** With more than 80% of the workforce organised, trade union density in the basic industry is among the highest in the country in private sector. Collaboration between social partners is well developed.

Input in relation to the European Commission's questionnaire

Industriarbetsgivarna agrees that there is a need for a comprehensive and overarching medium-term strategy for growth and jobs for the coming years.

In our response we have chosen to address two main issues of special relevance for us:

1. **A new overarching goal on economic growth through global competitiveness and industrial competitiveness**
2. **Flexible labour regulations. No new social goals and targets, that would impede further development of competitiveness.**

1. A new overarching goal on economic growth through global and industrial competitiveness

Industriarbetsgivarna believes that Europe needs, first and foremost, a new clear and overarching goal on economic growth **through global competitiveness**.

Competitiveness is the key for jobs and growth in Europe. Competitiveness requires a stable, simple and predictable environment, including better regulation and an ambitious REFIT agenda. The overall framework at European and national levels must be made more conducive to investment and innovation.

Our member companies are often located close to raw materials, outside major larger urban areas. Their operations are characterised by and dependent on large long-term investments.

They need stable long-term rules favourable for investment, innovations and adaptability.

A clear overarching goal would be a strong signal that EU in the future will be a place where industrial operations can develop and prosper and investments and growth are favoured.

As regards the basic industry more specifically, Europe needs a strong and competitive industrial base, in terms of both production and investment, as a key driver for economic growth and jobs.

The competitiveness of European basic industry on international markets must be made a priority. Market access around the world must be improved, free and open trade promoted and the integration of European companies in global value chains facilitated. Industriarbetsgivarna strongly supports a successful finalisation of the TTIP negotiations on a free trade agreement between the EU and the United States.

Industrial competitiveness should be promoted by systematically being mainstreamed across all EU policy areas and be part of impact assessments in view of getting a stronger industrial base for the economy. This should be done together with a competitiveness proofing of all new initiatives.

2. Flexible labour regulation. No new social goals and targets, that would impede further development of competitiveness.

Our companies operate in an internationally competitive environment. They are highly dependent on exports to world markets. High-value automation, fast technological development and a tough international competition all demand new skills and flexibility in working patterns. Since operations are often continuous, 24 hours a day, all year round and automation is high, companies are sensitive to shutdowns and disruptions, including due to industrial actions.

Labour markets need to be flexible. This is an essential structural feature of global competitiveness. The focus in the EU 2020 strategy must lie on eliminating existing weaknesses of structural competition in the EU Member States.

For our companies, it is also important to pay special attention to attracting and retaining skilled personnel. The availability of people equipped with the right skills is crucial to their competitiveness. It must be ensured that training and education systems reflect the needs of businesses. Flexible solutions in the educational systems are necessary, in order to make sure that the right skills are acquired by young people as well as adults.

As for labour market regulations in general, they must be adaptable to our modern work patterns and different production processes. Different forms of work contracts and flexible labour legislation are important, and must be supported. Working time regulations must support, not hinder competitiveness, flexibility and productivity.

It must also be recognised that wage-setting and collective bargaining are core matters for the representatives of the employers and the employees and that they are given room to develop the appropriate solutions for specific branches and companies. The EU must respect the autonomy of social partners at all levels and take into account national traditions and industrial relations systems. The best conditions for establishing a flexible system, adapted to the companies' specific operations, are found at company-level or at national, sectorial level.

A lesson from the previous Lisbon strategy is that the proliferation of goals and targets led to a serious undermining of the overarching goal to improve competitiveness and economic growth. The new Europe 2020 strategy has tried to remedy this mistake, by increasing the focus on smart, sustainable and inclusive growth.

Europe is struggling to recover from the economic crisis, but in 2014, and economic growth in Europe is still weak. Europe as a whole has developed very weakly in relation to our main competitors, such as the US, China and Japan. In some EU member states growth figures are even in the negative. Some countries are severely hit by the crisis, with negative social consequences as a result and demands are now more often heard that the situation can only be improved with new social targets and objectives in the revised Europe 2020 strategy. We believe that this put competitiveness and recovering at risk, and therefore would be a mistake.

Growth must now more than ever be restored through improving global competitiveness.

Global competitiveness and the resulting sustainable economic growth are the indispensable foundation for more employment as well as solid, durably affordable social standards.

New social targets and objectives instead risk shifting the focus away from the structural reforms necessary to strengthen competitiveness, which we have outlined above. They risk leading to short-term measures, which would not address and durably solve the problems themselves at the source.

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