



## **Building on Europe's Strengths**

ERT is convinced that we must not forget how the European Union has benefitted its citizens economically and socially, regardless of the current challenges. In addition to the invaluable achievements of peace and cultural exchange, the Single Market has created a wider choice of goods and services at lower costs. Also by adopting a collective approach to common problems, countries in Europe have been able to move forward on environmental, food safety, consumer protection and transport issues, among others.

In the current climate, post the UK referendum, the EU should work to become the most attractive proposition for peaceful, social cooperation and economic wellbeing. To achieve this, the EU needs to deliver on **growth, jobs and security**. These goals require a sound economy and the strengthening, not the weakening, of the internal market, adjusting rules where necessary and completing the free movement of goods and services, people and capital between Member States. The benefits that accrue to citizens and society need to be communicated more visibly.

We suggest the following practical steps to enhance Europe as an attractive place to invest, study, work, innovate, produce, manufacture and market our products.

### Completion of European Union's plans

- Europe should strive to achieve a global leadership role in the digital revolution by the swift implementation of the digital single market. This will boost the European economy and create new jobs across all sectors.
- Energy costs and prices have an important impact on the EU's industrial competitiveness. EU specific regulatory costs leading to higher energy prices should be reduced and harmonised across the EU.
- The proposal for the "Digital Single Market", "Energy Union" and "Capital Markets Union" are all key steps in the right direction and need to be completed to prove the long term appeal of our continent.

### Education and Training

- Skills gaps and skills mismatch produce youth unemployment and job vacancies at the same time. The digital transformation of industry and society as a whole requires new skills from the workforce. Member States should review curricula to increase ICT and STEM education as well as nurture the spirit of entrepreneurship.
- Member States and businesses should work even closer in defining and updating curricula, career counselling, internships and apprentices and the delivery of work-based education and training.

## Labour-market for the XXI century

- The digital transformation of society demands a new relationship between employer and employee, or between client and contractor. Member States should make sure their labour, pension and social security laws support these emerging structures. For example, by adopting policies that facilitate internal and external workforce flexibility encourage innovation, while preserving social cohesion.

## Energy and Climate Change

- A stable and predictable energy and climate policy framework is critical to enable European industries to make long-term investment decisions in Europe.
- Energy networks need to be better connected and optimised throughout the European Union. A single European energy market would not only ensure a cost-effective use of all energy sources but also increase Europe's energy security in a world with growing tensions and conflicts.
- Limiting global warming to 2°C is a common global challenge and all economies should accept their responsibility. The EU has shown leadership by ratifying the Paris Agreement. For decades, the EU has been at the forefront of global efforts to tackle climate change. Member States and European institutions have worked together to ensure the EU is among the countries that lead this process. This also reinforces the EU to encourage its partners to commit to ambitious energy and climate policies.
- Climate policy can be an opportunity for the EU if innovation and technology deployment is European.

## Innovation, R&D, Ecosystems

- Faced with increased global competition and higher input costs, EU industries' competitive edge will more than ever be built on innovation, productivity and the transition into high-end activities (higher-tech and higher value-added). Applying the "Innovation Principle" throughout the policymaking process will support this transition.
- Support the concept of Innovation and Digital Ecosystems: to ease the set-up and growth of start-ups it will be crucial to reduce red tape for business creation (e.g. minimise filing and documentary requirements). Encourage all stakeholders to develop platforms where they can share knowledge and work together.
- The creation of "Makerspace"<sup>1</sup> networks across the EU could make a significant contribution to entrepreneurship, to industrial competitiveness and job creation.

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<sup>1</sup> Makerspaces are a new super local and shared manufacturing environment, where machines and associated training are accessible for everyone, from 3D printing to laser cutting and welding (It relates to metal, paper, wood, fabric, plastic). It then gives anyone all relevant capabilities and resources to design and build physical object, prototypes or even small batches of a final product. Pushed by societal and environmental challenges, and made possible by new software and hardware technologies, the Maker movement is now a strong trend growing at a 2-digit pace.

## Trade

- Over 30 million EU jobs depend on trade with the rest of the world and EU trade agreements have made available a wider choice of products at lower prices. An internal market of 500 million consumers provides the best negotiating position for the EU to continue to achieve beneficial trade agreements with third countries. Offering access to its internal market is the strongest argument the EU has to uphold its consumer, environmental, industrial, health and social standards. Examples are the EU-Canada Trade Agreement and the Transatlantic Trade and Investment Partnership.

## Competition Policy

- Competition policy has a clear impact on global competitiveness of European businesses. It relates to Industry 4.0, trade, industry's capacity to innovate and even corporate taxation.
- There is a need for a global approach to EU competition policy reflecting the pace of technological change. A key objective should be to facilitate the emergence of "global scale industrial players" and maintain a level playing field between the EU and the rest of the world.
- The definition of "relevant" market should be reviewed to take account of cross sectoral industrial activity and the Digital Economy.

Finally, with respect to Brexit, ERT Members believe that it is crucial:

- that the UK stays as close as possible to the EU Single Market and its regulations given its geographical location and the integrated value chains that constitute Europe's industrial fabric,
- to maintain continuity in capital and data flows and minimise restrictions on doing business,
- to ensure that business can continue to access talent without any restrictions.

To achieve these objectives in a complex negotiation process, it is necessary to:

- set out a roadmap which lays out the next steps and principles and guarantees a smooth transition from a business perspective as soon as possible to minimise uncertainty for investors,
- give early reassurance to EU residents in the UK and UK residents in the EU that their jobs or ability to continue their work or studies will not be impacted and their status will be preserved as "ex quo ante" to minimise uncertainty of labour,
- establish a comprehensive EU–UK trading agreement which covers goods, capital, services and people to generate continuity for the long term.

It is essential to maintain the four principles that underpin the Single Market, namely the free movement of goods, services, capital and people. These not must be compromised.

ERT, and industry generally, has played a role in promoting goals that have brought benefits to European citizens, given business opportunities globally and provided a driving force for R&D and innovation. ERT is prepared to work with governments and policymakers to propose and agree priorities and programmes to build on Europe's strengths and overcome current challenges. This is in the interest of both citizens and industries, as together, they represent the general interests of Europe.