



EUROPE: A MANIFESTO FOR GROWTH

STRONGER LEADERSHIP, A STRONGER ECONOMY



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MANUFACTURING AND THE EU

MANUFACTURING AND EUROPE

With a new European Parliament and a new Commission taking office in 2014, the year will be critical to the future of the EU. It is an opportunity for elected members and officials to take a fresh look at embracing and delivering a new industrial strategy for Europe that supports all member states and puts the Union back on the path to sustained growth and competitiveness. British manufacturers want the UK to be at the heart of that change and at the centre of decision-making in a reformed Europe.

Our relationship with the European Union is vital to the long term interests of UK manufacturing, and the UK's economic future. Members of EEF – who represent manufacturers from large multinational organisations to small businesses - have given a clear message: Britain must remain part of the EU to ensure its future long term economic growth. However, they also want to see a reformed EU, one that is more dynamic and focused on economic as well as social goals. And an EU that is fit for a changing world order, doing everything possible to reduce red tape and promote a competitive market economy, securing trade deals in key markets.

While changing the EU is critical, manufacturers' support for Britain's membership is not conditional on this change. They want to see reform from within, with the UK being a leading voice and a leaner Commission in Brussels, reorganised to prioritise economic recovery and sustainable growth.

The UK Government – as well as the Opposition, all MPs, MEPs and other stakeholders - have a major responsibility to ensure that the new Parliament and Commission are clearly focused and work tirelessly to create the right conditions

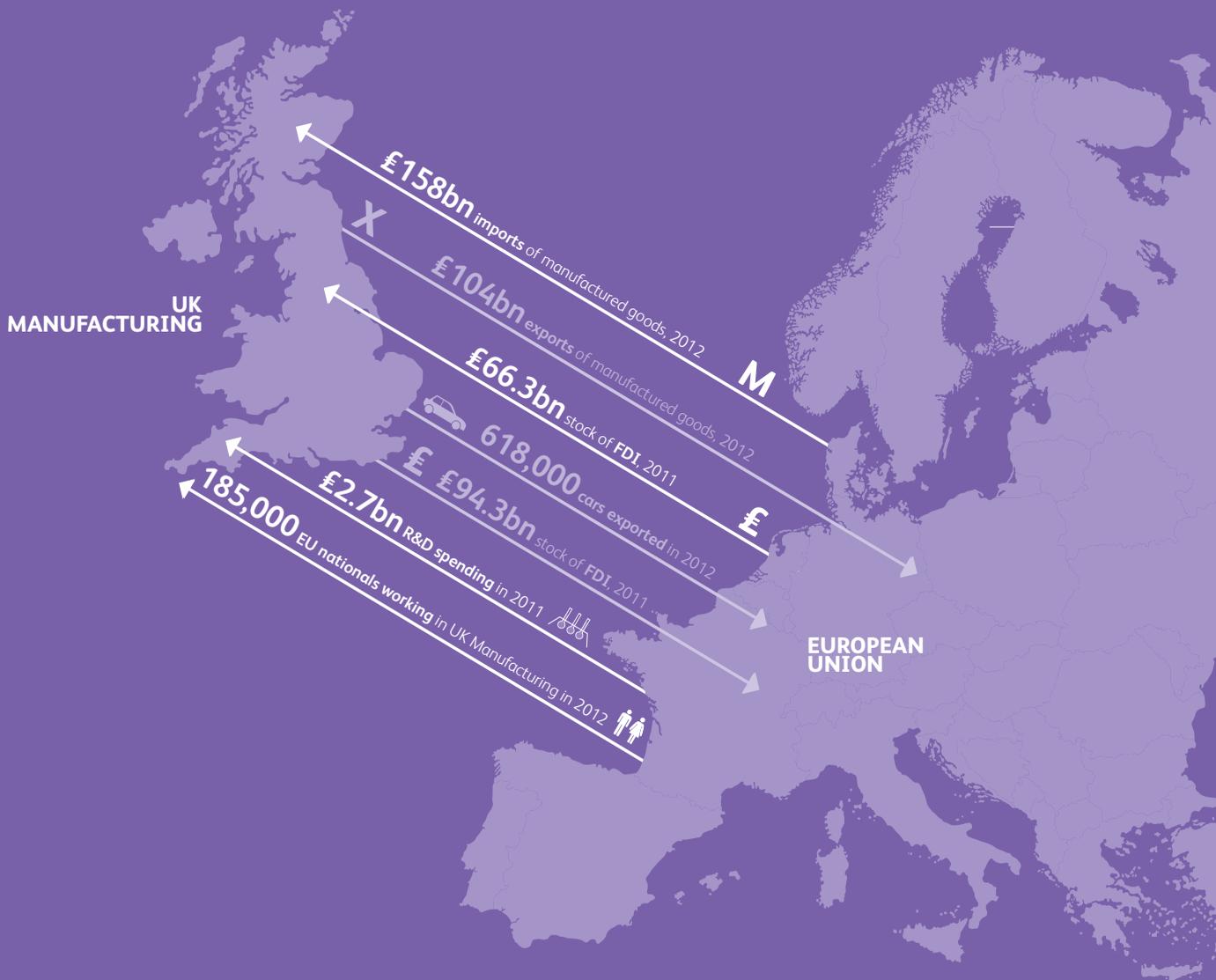
for a dynamic, competitive Europe that achieves clear economic benefits for all its members, for businesses and for the people it serves.

This Manifesto sets out a blueprint for achieving a strong industrial and manufacturing base.

WHY MANUFACTURING?

There are many reasons why manufacturing matters to our economy:

- **Jobs.** It employs 2.5 million people and this figure increased in each of the last three years. These jobs are high quality and well paid.
- **Innovation.** Manufacturing is highly innovative in developing new products and services and accounts for 72% of what UK business spends on research and development.
- **Trade.** Manufacturing accounts for half of our exports and these are expanding, particularly to fast growing economies. Our sales to China have grown six-fold in the past decade.
- **Strong sectors.** Amongst our successful sectors, we're the world's second largest exporter of defence equipment. And our motor vehicles sector, the most productive in Europe, has hit record export levels and is close to achieving a trade surplus for the first time in 40 years.
- **Meeting key social challenges.** Through the goods it produces and the technologies it develops, manufacturing will help us face key challenges such as meeting our energy, infrastructure and security needs as well as adapting to demographic and climate change.



MANUFACTURERS HAVE AMBITIOUS PLANS THAT WILL DELIVER GROWTH AND JOBS

Our latest research from members shows:

- A majority of manufacturers are planning to increase sales, employment and investment in 2014.
- Growth is forecast to be the strongest in the EU and the second fastest since 1994.
- These growth plans are based on developing new products and exporting to a range of markets including the EU but increasingly to fast growing global markets.

supply chains and the parent companies that own many companies based here. It can help them to succeed by:

- Providing easy access to a large market with common standards and a level playing field.
- Working collectively to improve access to fast growing markets outside the EU on the best possible terms.
- Attracting investment by foreign firms investing in the EU.
- Offering a wider pool of labour which can plug domestic skill gaps.

EUROPE CAN HELP TO ACHIEVE THESE AIMS

Our links with Europe are vital to UK manufacturing. They include our exports, our

In this Manufacturing Manifesto for Europe we set out what the EU should be to achieve these aims.

EXPLOITING TRADE OPPORTUNITIES

Trade is vital to growth for manufacturing. Over 90% of EEF members export and expanding exports, particularly to emerging markets is central to their growth strategies. Increases in export orders also increase opportunities for other companies in the supply chain and help to create and secure jobs.

FREE TRADE AGREEMENTS

- Trade deals are increasingly negotiated between trading blocs rather than individual countries. The largest potential global agreement is with the US – the Transatlantic Trade and Investment Partnership (TTIP). Longer-term this has been estimated to create a gain of 9% of GDP per head for the UK. The EU must stick to an ambitious mandate for TTIP and ensure a relatively swift conclusion to talks.
- Other key potential trade agreements include a deal with South American countries through Mercosur, an ASEAN Free Trade Agreement, the Eurasia Economic Union, which is seeking to create a single market across Russia, Belarus and Kazakhstan, and negotiations for an expanded Trans-Pacific Strategic Economic Partnership Agreement.
- In its leadership for all Member States in trade and investment negotiations, the EU must be ambitious in forging ahead with opening up global market opportunities for EU-based companies. This should be a top priority and the resources allocated to this activity should reflect this. It is important that MEPs support this process.

ENFORCEMENT OF TRADE RULES

- Manufacturers need to compete on a level playing field with the rest of the world.
- The Parliament must back the Commission's longstanding practice of proposing anti-dumping and anti-subsidy duties when there is clear evidence that overseas producers

have been competing unfairly. It is incorrect to label this as "protectionism" as the EU has adopted a more liberal approach than possible under WTO rules.

- Equally, the EU must continue to use the WTO to fight against protectionist laws and practices by our trading partners.

ACCESS TO KEY RAW MATERIALS

- Access to raw materials, particularly specialist raw materials known as rare earth metals, is an increasing concern for manufacturers. These go into high growth products such as flat screen displays, rechargeable batteries for electric vehicles and generators for wind turbines.
- China is the leading producer of six of the ten key mineral raw materials which are considered most restricted in their production and is regulating exports of these materials increasingly tightly. Other countries similarly seek to protect local manufacturing by imposing export barriers on a variety of raw materials.
- A number of Member States are developing resource strategies to address this trend but the EU has an important role to play.
- The EU must play a leadership role on resource security by funding research into breakthrough technologies, new exploration techniques and resource-efficient technologies as well as new materials that can substitute for those in short supply. It should also use its global role to build and develop international cooperation and partnerships as well as using the WTO to eradicate raw material protectionism.



CASE STUDY

New Balance is a global athletic footwear and apparel brand based in Boston, Massachusetts with the company's European headquarters centered in Warrington, Cheshire and its manufacturing facility operating from Flimby, Cumbria. New Balance is the only brand committed to domestic manufacturing in the US, where the company has five factories as well as its plant in the UK.

"We benefit greatly from our place in Europe and benefit particularly from the Made in Britain cachet as we now export 80 per cent of the factory's production to key Eurozone countries such as France, Germany and Italy as well as markets in Japan and China.

Our manufacturing facility will have increased the company's handcrafted lifestyle shoe production this year by 24 per cent over 2012. At the same time, to support a greater demand, especially from younger consumers as the brand grows in popularity and appeal across the running and lifestyle markets, we have increased our work force from 234 to 243.

New Balance's strong performance is thrown into starker relief as it is well ahead of the region where the latest GDP figures show output grew by a creditable 0.8 per cent in the last quarter.

The US parent company has made a significant investment in the UK and is unequivocal in its support for British manufacturing. We rely on government legislation to add to that support with a long-term trade and investment strategy in favour of this country's manufacturing base; this in turn will make a significant contribution to a more balanced economy in Britain."

Andy Okolowicz
Factory Manager
New Balance



INVESTING AND INNOVATING

Innovation, whether it is developing new or improved products, processes or services, is central to manufacturers' growth plans. The UK has many successful innovative manufacturers but they face many challenges, such as technical barriers, in getting new products to market quickly and in access to finance and securing specialist skills. Many of these issues are best addressed by national governments but the EU also has an important role to play.

PROVIDING STRATEGIC FUNDING

- The EU's key instrument is its new Horizon 2020 programme, which provides funding for researchers and innovative companies. It has also recently introduced a Dedicated SME Instrument which will provide easier access to support for early stage companies and innovative SMEs.
- There are also specific areas where strategic support is required. Sectors such as steel, glass and chemicals are seeking to develop new processes with much lower carbon emissions but this requires significant high-risk investment. **The EU should use the roadmaps it and Member States are developing to help key sectors to decarbonise their processes and to target its funding support, which should be allocated on the basis of clear, common criteria.**

BRINGING INNOVATION PARTNERS TOGETHER

- Game changing new technologies that will deliver future growth and jobs are often complex and need many parties to work together to bring them to market. Increasingly the scale and complexity of these projects means that the parties involved are spread across a range of locations.

- The EU should play an increasing role in facilitating collaboration between different innovation partners. It should do this by developing a number of pan-European demonstrator projects that will deliver benefits across its membership.

REMOVING BARRIERS TO MOBILITY

- The EU has a key role to play in removing obstacles to innovation across borders. These include developing a single approach to the recognition of qualifications; improving the mobility of researchers and increasing the dissemination, transfer and use of research results across borders.
- To address the barriers to cross-border innovation, the EU must accelerate progress in establishing a European Research Area, which is struggling to meet its target of being in place in 2014. Member States, key stakeholder organisations and the Commission must then work together to continually improve the efficiency of the European Research Area.



HARMONISING PRODUCT STANDARDS AND PROTECTING INTELLECTUAL PROPERTY

- Harmonising product standards supports innovation and helps open up new markets through sharing knowledge and ensuring that products and services developed in different Member States can operate with one another. A new standardisation package was introduced in 2013 but we now need to see faster progress and greater ambition in harmonising product standards.
- It is important that standardisation mandates are rapidly developed by the Commission with the social partners, consumers, SMEs, relevant industry associations, before being agreed by the Committee on Standards of the Regulation and the European standardisation organisations. One area where the Commission has not yet developed a mandate is the EMF Directive and where urgent action is required.
- Europe's manufacturers must be able to compete fairly within Europe and globally. Businesses must be able to effectively protect their investment in new products against infringement. The EU should introduce proportionate regulation that provides a legal basis for manufacturers to protect their intellectual property rights in all member states.

FACILITATING COLLABORATION WITH COUNTRIES OUTSIDE EUROPE

- The Commission has set out a new strategy for developing international collaboration in research and innovation, mainly delivered through Horizon 2020. Additionally, the Commission should use its sector roadmaps to influence international innovation efforts to decarbonise industrial processes, such as the work of the Global Superior Energy Performance Partnership and the collaborative innovation initiative for industry established under the Clean Energy Ministerial.

AVOIDING UNNECESSARY INTERVENTION

- The EU should avoid creating policy uncertainty by commenting on national taxation policies that support innovation. A recent example was its suggestion that the UK's patent box violated the EU's voluntary code of conduct on taxation.
- It should also resist attempts to extend Solvency II rules, used to regulate insurance products, to occupational pensions. This is an unnecessary move given that UK pensions are already safeguarded by the Pension Protection Fund and the Pensions Regulator and are backed by both an employer covenant and employer financial contributions. Requiring pension funds to set aside large amounts of capital in addition would threaten the viability of these schemes and weaken the ability of companies to use these funds to invest in new technologies and in research and development and skills and jobs.

“Innovation is key to meeting the economic and social challenges of the future. The EU should leverage its international scale to boost the innovativeness of member states.”

CASE STUDY

Sigmatex is a manufacturer of complex carbon fibre textiles, supplying to a number of industries particularly the automotive and aerospace.

“We have grown significantly year on year, and are looking to sustain this growth by taking advantage of increased demand for carbon fibre products, particularly in the area of light-weighting components.

This isn't easy: using carbon fibre is different from using metals. We have had to stimulate a new market and develop technologies to aid our end users. We have also developed new ways of making fabrics such as 3D weaving which allows us to make sophisticated shapes.

To meet our growth ambitions, we reinvest nearly all of our profits in either capacity or R&D. Annual R&D expenditure on capital alone is as much as £1.5mn (€1.83mn) and 10% of our workforce is employed in R&D.

We have also benefited from a range of innovation support. Demand for our products is international, so European schemes have been highly valuable as they opened up opportunities for us to partner with customers and demonstrate our products.”

Scott Tolson
Chief Executive
Sigmatex





FLEXIBLE WORKPLACES WITH ACCESS TO THE RIGHT SKILLS

Manufacturers need a skilled and flexible workforce to respond quickly to changes in customers' needs. Employers secure this flexibility by paying increasing attention to employee engagement and communications, investing in training and skills, and providing employees with the flexibility they need to balance their work and non-work commitments. Employment regulation should complement rather than undermine this two-way flexibility. Manufacturers recognise the importance of fairness in labour markets, but heavy-handed regulation can often undermine this.

RESTRUCTURING

– The European Commission's Quality Framework for Anticipation of Change and Restructuring was unnecessary and unrealistic, and the European Parliament should withdraw its calls for a legal act in this area. Specific measures included strategic long-term monitoring of market developments; continuous mapping of jobs and skills needs; career counselling and assistance to facilitate professional transition; and involvement of external bodies at an early stage, such as public authorities, university, training centres and supply chains. For many businesses, these are unrealistic requirements.

- Restructuring should be a matter for social partners at the site level, not the EU. The framework is not required given that there are already highly developed systems in the UK, with a heavy overlay of existing EU regulation such as rules on collective redundancies. In addition, much good practice guidance already exists in the UK, with punitive penalties for employers who breach the legal rules.
- Intervention in this area will directly reduce flexibility and competitiveness and could impose significant social costs from the damage done to businesses that need to restructure quickly and are prevented from doing so.

WORKING TIME DIRECTIVE

- The Working Time Directive, a health and safety regulation that sets boundaries to working hours, should be reformed to address the confusion faced by workers and employers, and to give individuals the ability to choose the hours they work. Key priorities for reform include:
 - Clarifying the rules governing the ability of individuals to opt out;
 - Ending the right to carry over leave accrued whilst the worker is on other forms of leave, for example sickness;
 - Making it clear that only active on-call time counts as working time.

POSTING OF WORKERS ENFORCEMENT DIRECTIVE

- Regulation is required to provide protection for employees who are sent by their employer to work temporarily in another member state and to provide consistent standards across the EU. However, the current proposals for the Posting of Workers Enforcement Directive should be revised to avoid increasing the barriers to workers moving between Member States.
- Our key concern is to remove the liability of firms for their sub-contractor's use of posted workers and to set proportionate limits on the administrative burdens placed on employers.

AGENCY WORKERS DIRECTIVE

- Agency workers provide much needed flexibility for employers who face significant fluctuations in demand. Agency working enables employees to adopt different working patterns and provides an additional pathway into employment. They are not used by manufacturers to reduce wage costs and tend to be more costly than directly employed workers.

- The Agency Workers Directive should be reformed to allow workers and employers, particularly SMEs, to reach their own arrangements with employment agencies and their workers.
- Reforms are also needed to reduce the administrative and paperwork requirements imposed on SMEs.

DATA PROTECTION

- Existing Data Protection regulations are already too complex and prescriptive, impose significant burdens and are difficult for employers to understand. The proposed Data Protection regulation will add to these burdens.
- In particular, the proposed requirement for employers to conduct a Data Protection Impact Assessment is disproportionate and unnecessary, unless there is a specific and foreseeable risk of harm to data subjects.
- Firms should be provided with greater autonomy and should not be required to employ a dedicated Data Protection Officer. They should, however, be allowed to process the data of their employees with their agreement.
- Just as with the UK reform of Employment Tribunals, firms should be protected from vexatious claims by allowing them to levy a proportionate fee when employees request the data held on them frivolously.

“Workforce flexibility is a two-way street that benefits workers and the businesses which they both work for and have a stake in. Reducing this flexibility can harm workers and their employers.”



CASE STUDY

Ultra Electronics is an internationally successful defence, security, transport and energy company with a long, consistent track record of development and growth. Ultra businesses constantly innovate to create solutions to customer requirements that are different from and better than those of the Group's competitors.

"By applying these differentiated solutions to a wide range of international platforms and programmes, Ultra has built an exceptionally broad range of niche market positions.

Agility is one of two core characteristics that define our company at Ultra Electronics. In order to continue to be agile we need a flat organisation structure with autonomous businesses and flexible people.

Why is flexibility so important to us? We are in a constant battle with our competitors to secure contracts. If we can react faster to changing circumstances and our customers' needs then we will succeed. We will have re-grouped and launched a new drive while our competitors are still analysing what happened. Agility in everything we do is the challenge set by our Chief Executive to all of us at Ultra."

Keith Thomson
Group HR Director
Ultra Electronics



A COMPETITIVE COST BASE

Manufacturers increasingly compete on areas such as quality, design, speed to market and customer services and not just on price. But a competitive cost base is still critical to winning orders and securing investment in the UK ahead of an increasing choice of locations around the world.

A SIMPLER APPROACH TO HEALTH AND SAFETY

Effective Occupational Health and Safety management and worker protection is important but we need to see a smarter approach to regulation as well as simplification and consolidation of existing legislation. This will help employers identify their obligations and to comply with them in the most effective and cost efficient way.

The key EU priorities for manufacturers are to:

- Return to the original holistic approach of the Health and Safety Framework Directive and reverse the trend towards hazard-specific directives where risks are low or insignificant. This allows risks to be identified, assessed and prioritised.
- Future-proof the Health and Safety Framework Directive by making it more goal setting, thus allowing duplication in associated H&S directives to be eliminated.
- Only introduce legislation if it addresses significant health and safety risks. New hazard-based precautionary directives covering Electromagnetic Fields and Artificial Optical Radiation have been introduced where the requirements were not proportional to the risk and where the risks had previously been controlled and managed through the existing Health and Safety Framework Directive.
- Put a greater focus on developing practical guidelines, exchanges of best practice, and provision of information and practical tools to help companies understand and comply with legislation.
- Address unnecessary inconsistencies and overlaps in legislation. For example, the duplicated requirements on Risk Assessment, Medical Surveillance, Information, Instruction, Supervision and Training should be removed, with the common requirement covered by the Health and Safety Framework Directive. In addition the Framework Directive should be more goal-setting, allowing the existing overlaps and duplication contained in the various associated directives to be removed.
- Ensure there is just one EU regulatory framework covering both Environmental and Occupational Health and Safety exposure to substances and chemicals hazardous to health and the environment.
- Avoid giving employers responsibility for managing societal, well-being, psychosocial and public health issues through the implementation of worker protection legislation.
- Create a level playing field across the EU through effective enforcement and market surveillance of product safety Directives, e.g. the Machinery Directive.



REACH (REGISTRATION, EVALUATION, AUTHORISATION AND RESTRICTION ON CHEMICALS)

The REACH Regulation provides some important protections but the impact on smaller firms is excessive and too little thought has been given to the cost and complexity to which it unnecessarily exposes them. Even smaller firms have had to employ a number of full time workers to comply with REACH. Key priorities for action on REACH include:

- Outlining how the competitiveness impacts of REACH on downstream users will be monitored.
- Establishing a bottom-up mechanism to monitor the authorisation process.
- Setting out how authorisation applications will be judged.
- Developing a common methodology for implementing the Risk Management Options process.

DELIVERING LOWER CARBON EMISSIONS MORE COST EFFECTIVELY

Addressing climate change is vital and a low carbon economy will bring many opportunities for innovation and new jobs but the EU must ensure that it supports investment and job creation by doing this in the most cost effective way:

- In its 2030 Climate and Energy Framework, the EU should adopt a single, technology neutral target to reduce carbon emissions that allows Member States the freedom to

decide how to do this most cost effectively, rather than imposing prescriptive targets.

- The EU should look at how public support for renewables can be phased out in the next decade.
- It should develop a clearer strategy to bring forward the investment and coordination necessary to increase the rate of interconnectors – at the very least to meet the 2005 target for 10% of national energy production to be available through interconnectors.
- A positive EU-wide approach to exploiting shale gas opportunities should be developed.
- The EU should campaign for an ambitious and equitable international deal on climate change that enables internationally competitive businesses to compete on a level-playing field.
- It should urgently explore sector-specific regimes for trade-exposed, energy-intensive sectors, using sector roadmaps to overcome innovation and financing issues. These industries, such as steel, will only achieve significant further progress in reducing carbon emissions through a major technological breakthrough in developing new processes, for which the timeframes are uncertain and long. As part of the review of the structural change of the EU Emission Trading System, the EU must explore how it can work with these industries to reduce emissions without the risk of capping their growth and their ability to fund these investments.

“Addressing climate change is vital and a low carbon economy will bring many opportunities, but the EU must ensure that it supports investment and job creation by doing this in the most cost efficient way.”

CASE STUDY

Trans-Tronic Ltd is a manufacturer of high quality transformers and wound components. It is based in Chesterfield, employing 55 people.

“We manufacture in highly competitive markets, with many of competitors outside Europe able to draw on significantly lower wage costs.

However, we have developed a strategy that is delivering growth and the improved profitability that allows us to invest the future of our company and in our workforce. This includes investing in research and development that helps us to differentiate our products from those of our competitors.

We cannot compete on costs in high volume markets but we can succeed by meeting the specific needs of each individual customer and by backing this up with excellent customer service.

This has delivered growth for our company and we are now looking to expand by increasing our sales to other parts of Europe. We export almost 20 % of sales, the European Market and our membership of the EU is important to us as it allows us to trade without the complexities and delays that can come with trading with other parts of the world. It is also important that we are selling into a dynamic EU market that is not saddling itself with unnecessary costs and regulations.”

David Goater
Managing Director
Trans-Tronic Ltd





HOW EU NEEDS TO CHANGE TO DELIVER THIS

A MORE JOINED UP COMMISSION

The European Commission is the executive body of the European Union. It is responsible for the day-to-day running of the EU and proposes legislation, implements decisions, and upholds the Union's treaties. The Commission is led by 28 Commissioners, one from each Member State, coordinated by the President of the Commission who assigns responsibility for specific policy areas.

The key drawback to this structure is a large number of directorates which all have a mandate to propose legislation and 28 Commissioners who wish to use their term in office to deliver specific policies. This leads to a proliferation of policy development, often with significant conflict, and development in siloes. Although the Commission structure provides for an oversight role, this is a significant challenge

with such a large executive body. Ultimately, the Commission should seek to reduce the number of Commissioners although this would be difficult to achieve and is a sensitive issue. In the interim, the Commission should develop mechanisms that would deliver much greater integration of policy development. **The European Commission should enable the clustering of relevant Directorates General, consisting of an executive Board of Commissioners responsible for the relevant policy dossier.** Commissioners may not be limited to one such cluster, as policy development may overlap in a number of different areas. An example of useful clusters that would provide more integrated approaches to policy would be DG Climate Action and DG Energy for energy and climate policy; and DG Environment with DG Employment and Social Affairs for chemical policy.

“For a growing international manufacturer like Avingtrans, the UK’s membership of a major worldwide trading bloc is essential. We operate in markets that are increasingly integrated at an international level and the EU provides a platform to trade – not only with European businesses – but worldwide.

EEF’s manifesto sets out a blueprint for the future of the Union, one of sustainable growth and competitiveness.”

Steve McQuillan, CEO, Avingtrans plc

With this structure in mind, the Commission should appoint a Commissioner or senior official, with an office for the oversight of smarter regulation, cooperation and competitiveness. All the Commission's executive bodies would be required to work with this office to ensure that the smarter regulation and competitiveness principles are at the heart of all EU policy development.

A BETTER APPROACH TO REGULATION

We support the proposals made in the EU Business Taskforce report - 'Cut EU Red Tape'. To develop a better approach to regulation, the European Commission should introduce the following measures:

- A rigorous competitiveness test for all new proposals to demonstrate that they will boost European competitiveness. The competitiveness test should also be applied to the final legislation agreed by The Council and Parliament. If at either stage the test is failed the legislation must be reconsidered and changed.
- A one-in, one-out principle for European legislation, with any new burdens on business offset by reducing burdens of an equivalent value elsewhere.
- An annual statement of the total net cost to business of the proposals brought forward, updating the figures to take account of changes made by the European Parliament and the Council of Ministers.
- Publication of Provisional Impact Assessments with all new proposals that go out for consultation – setting out the impacts of the options proposed. These impact assessments must also be updated to take into account amendments proposed by the European Parliament and by the Council of Ministers.
- Creation of a single independent Impact Assessment Board to scrutinise all EU Impact Assessments. Proposals which do not receive a positive opinion from the Impact Assessment Board should not proceed until amended and the reasons for the opinion should be made publicly available.
- Introduction of a risk-based and proportionate approach to developing new proposals, drawing on objective scientific advice.
- Provision of clear guidance as soon as possible after legislation has been agreed, where this would help businesses comply with EU legislation in the least burdensome way and providing safe harbours for them.
- Exemption of micro-enterprises and start-ups from new legislation whenever possible.
- Proposals for lighter regimes for SMEs and young companies when regulations are proposed.
- Setting a target to reduce the total EU regulatory burden on businesses.
- Requirements for existing EU legislative frameworks to be evaluated with an independent post-implementation impact assessment, and for existing legislation to be implemented and enforced consistently across the EU before new proposals are brought forward.

ENHANCING THE ROLE OF NATIONAL PARLIAMENTS

The current process of consultation with national Parliaments does not allow sufficient time or opportunity for Member States to consider policy proposals before they develop into legislative plans. After this point, legislative action frequently becomes inevitable and an expectation of regulation is created. National Parliaments should have a greater role in the pre-legislative process, with the Commission required to allow greater time for consultation and comment before concluding whether regulation is relevant and required. To achieve this, the following measures should be introduced:

- Frequently, some Member States will already have national laws in place covering all or, part of any future potential EU regulation. In future, the starting point for the EU should be that it will not interfere with existing national law which achieves the same objectives as EU law.



- Where existing national regulation is in place, Member States should be granted the discretion to retain this where, overall, they provide similar outcomes to EU law.
- To allow national Parliaments to exercise a greater pre-legislative role, the existing yellow card procedure should be extended to the pre-legislative process, allowing national Parliaments to challenge pre-legislative proposals. In addition, the Commission should then be prevented from proceeding further until the yellow card has been lifted.

THE COMMISSION SHOULD EXPLAIN ITS PRIORITIES TO ITS CITIZENS BETTER...

As support for the EU is waning across the region, Europe itself has to get better at explaining how it is working for the benefit of European citizens and businesses. All EU Institutions need to set a clear growth and competitiveness agenda and to be held accountable for making progress on those objectives. They must also better communicate the areas of policy on which Europe is stronger as a bloc and how this makes a difference to the economies and citizens across all Member States.

... AND BACK THIS WITH GROWTH-ENHANCING BUDGETS...

It should back this up by ensuring that the EU's priorities are reflected in its budget, which should promote growth-enhancing spending. With this in mind, the EU has recently adopted the multi-annual financial framework 2014 – 2020. The EU should build on the shift towards growth-enhancing spending with successive annual budgets focusing on spending that supports firms looking to invest, innovate and develop new markets.

...AND ONLY INTERVENE WHERE IT HAS THE COMPETENCE TO ACT AND CAN DO SO BETTER THAN NATIONAL GOVERNMENTS...

Beyond this, the eurozone faces significant challenges in mending its banking system and preventing future crises, enforcing strong budgetary discipline and driving a faster pace of growth-enhancing reforms amongst its members. This will inevitably require the European Commission to intervene more in these areas than in the past. **However, the European Commission should limit its influence to areas in which it has competence and the ability to support growth and not intervene in national areas of policy such as wage setting or policies for social cohesion. UK MEPs should resist any such proposals.**

“The EU must focus on what it does best – creating, underpinning and enhancing an effective single market with smart, light-touch rules that only impinge on member states and their businesses where absolutely necessary.”

ABOUT US

EEF is dedicated to the future of manufacturing. Everything we do is designed to help manufacturing businesses evolve, innovate and compete in a fast-changing world. With our unique combination of business services, government representation and industry intelligence, no other organisation is better placed to provide the skills, knowledge and networks they need to thrive.

We work with the UK's manufacturers, from the largest to the smallest, to help them work better, compete harder and innovate faster. Because we understand manufacturers so well, policy makers trust our advice and welcome our involvement in their deliberations. We work with them to create policies that are in the best interests of manufacturing, that encourage a high growth industry and boost its ability to make a positive contribution to the UK's real economy.

Our policy work delivers real business value for our members, giving us a unique insight into the way changing legislation will affect their business. This insight, complemented by intelligence gathered through our ongoing member research and networking programmes, informs our broad portfolio of services; services that unlock business potential by creating highly productive workplaces in which innovation, creativity and competitiveness can thrive.

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