



INTERNAL MARKET & MANUFACTURING



Confederation of Danish Industry

Key Points for A Future
ROUNDTABLE DISCUSSION

Wednesday 23 June 2010

EUROPEAN PARLIAMENT

HIGHLIGHTS



On 23 June 2010, the fifth European Forum for Manufacturing Roundtable Dinner: 'Internal Market and Manufacturing' was held in the European Parliament, co-hosted by Malcolm Harbour MEP, Chairman, Committee on the Internal Market & Consumer Protection and Louis Grech MEP, Committee Vice-Chairman.

The Roundtable focussed on Internal Market and Manufacturing under four themes:

- 'Monti Report - a New Strategy for a Single Market'
- 'Standardisation'
- 'Market Surveillance'
- 'Mutual Recognition & Making the Internal Market Work'



Contributions from the European Parliament were led by Cristian Silviu Buşoi MEP, Lara Comi MEP, Louis Grech MEP, Edvard Kožušník MEP, Morten Løkkegaard MEP and Roza zu Hohenstein und Thun MEP.

Professor Mario Monti was joined by experts from the European Commission, DG Enterprise Renate Weissenhorn and DG Markt, Emer Daly as well as Michael Aendenhof from the Belgian Permanent Representation, about to become the Council Presidency designate.

Manufacturing companies were led by ABB, Alstom, Hvalsoe Sawmill Ltd , JLG Industries, Philips, Schneider Electric, and Stihl.

Orgalime and Dansk Industri, joint sponsors for the Roundtable Discussion, also made presentations.

The highlights from the oral and written presentations are included below.



Philippe Portalier, Paul Coebergh van den Braak, Mark Redgrove



Martin Nyrop-Larsen



Mario Monti



Annette Dragsdahl



MONTI REPORT - 'NEW STRATEGY FOR THE SINGLE MARKET'

► PROFESSOR MARIO MONTI

Thank you for inviting me to the European Forum for Manufacturing discussion on the issues concerning the re-launch of the Single Market. My Report on a 'New Strategy for the Single Market at the Service of Europe's Economy and Society' aims at offering a strategy to protect this cornerstone of European integration from the current disintegration pressures and proposes recommendations for deepening and expanding the Single Market further. It went hand-in-hand with the Grech Report entitled 'Delivering A Single Market To Consumers And Citizens'. I valued the Grech Report for its spirit and content and it was a very helpful input for my Report. It is a valuable Report also because of its clear stress on the need for an holistic approach.



- The economic crisis has brought a renewed attention to the importance of the manufacturing industry and, in parallel, a return of interest for industrial policy.
- For instance, political and business leaders refer more and more to the role of 'industrial services'.
- The Single Market should not be just taken for granted, but it should call for priority political attention.
- The voice of the manufacturing community is today coming out persuasively and pushing the EU institutions to bring the Single Market back to the centre of the political agenda.
- To do that and re-launch the Single Market in a sustainable way, a holistic approach is indeed necessary.
- We need to overcome economic nationalism in order to make real progress.
- In the conclusion of my Report, I mention that the Single Market is needed more than ever, but unfortunately, it is also more unpopular than ever.
- The Single Market is needed more than ever for two reasons, linked to the crisis of the euro and the budgetary crisis experienced by the Member States. The Single Market is key for the functioning of the Euro area, as a monetary union cannot survive without the support of a strong economic union. The Single Market is also key to address the fiscal crisis, as national budgets will not be able any more to finance a fiscal stimulus to the economic activity. Nor can Europe rely on the effect of currency depreciation, which may lead in time to inflationary pressures. Thus, Europe has to search for new sources of growth within itself, in a deepened and better organized Single Market. At the same time, the Single Market is less popular than ever as public opinion has deep concerns and fears with regard to further market integration.
- Thus, in my Report I propose three building blocks for the relaunch of the Single Market:
 - a) building a stronger Single Market
 - b) building consensus on a stronger Single Market
 - c) delivering a strong Single Market



- The newest aspect in the Report is that of the consensus.
- There are many concerns, prejudices, fears related to the Single Market. Hence it is not helpful to adopt only measures aiming at further liberalization or market integration without taking into account their spill-over on other dimensions and policies. We need to understand these
- Concerns (e.g. social concerns, environmental concerns), address them and tackle them by identifying specific measures.
- In this context, the tax coordination aspect deserves particular attention, as it is key to ensure that the national systems coexist without unfair competition and preserve their capacity to collect revenue and finance the provision of national welfare, in a context of deeper integration of economic regulation..
- A more focused and cohesive approach at institutional level (European Council, European Parliament, European Commission, European Competitiveness Committee, etc) is also indispensable for a re-launch of the Single Market.

In response to a number of questions and comments, Professor Monti commented as follows:

- re implementation - the Commission has started working and is collecting more input. The Commission initiative will be presented in October.

- re the competition aspect which confronts the three main elements global economy, internal market and standardisation - it is tough to be in the global arena and if you want to be competitive globally you need to be competitive internally, within a EU-wide market. For instance, the existence of a strict aid regime in Europe, raises concerns within the business community; which considers that its competitors, benefiting from more relaxed stated aid regimes, gain an unfair advantage in terms of support to their competitiveness. We must respond to this concern, but at the same time preserve a strict state aid regime as it is a pre-condition for an effective Single Market . If we remove or soften the state-aid-control, so that European companies can compete with Asia and the USA, then each country will finance its own companies. This will lead to the destruction of the Single Market which is the main ground after all to proceed in the global market.

- re the focus on competition rather than the wider picture within industrial policy - agreed but do not underestimate it. I focused more on competition and state aid because I felt that they are not an obstacle to the formulation of an active industrial policy. We must have a competitive level playing field to create the variety, comparative advantages and productivity gains on which growth and innovation can flourish. Commissioner Tajani is working on the development of a new industrial policy in line with the Europe 2020 goals. It is in the hands of the industry to come up with ideas to shape up a new industrial policy.

- re defining the concept of reform of standardisation and consultation on this – standardisation is key for the governance of the Single Market. And Europe needs to reflect on whether



this tool cannot be used better or in new forms, striking a balance between competing dimensions: the national and EU level, the private and public dimension.

I based the Report on a very broad consultation of Member States, EU institutions, and stakeholders, including trade unions and business associations. Of course, all the points of views were listened to, but not all of them found their way into the Report.

- *re the right to strike* - the Report is not on how to build a social Europe but on how to re-launch market. Yet, it devotes a great attention to the need to reconcile Single Market and the social dimension. The issue of the right to strike came up after cases like the Laval ECH judgment and its sister case, Viking. I believe that it is not possible to discuss the Single Market today, without addressing the implications of these cases. We had tripartite consultations with the European Trade Union Confederation and Business Europe on this matter. If the single market was perceived to be against fundamental rights, this would be very negative. In the future, we must clarify that the rights of the market (e.g. a clause which is a legal instrument) are not against fundamental rights.

➤ LOUIS GRECH MEP (S & D, Malta)

- Protectionism following the crisis
 - The Single Market (SM) was not put down as a flagship concern under the EU 2020 strategy.
 - The SM needs a leader and Professor Monti has provided such leadership in his Report.
 - Professor Monti's critique of economic nationalism throughout his Report.
 - The renationalisation of policies and business strategies after the crisis and its effect on the manufacturing industry and Single Market in general.
 - Mario Monti's concept of 'welding together' of national markets into one European market.

- Fragmentation
 - Views on Monti's statement that the Single Market is 'very solidly planted in the legal system and in the economy' but is not as yet 'rooted in mindsets'
 - There is a lot of fragmentation inside the European Parliament and the Commission with lots of legislation.
 - Professor Monti has provided a lot with his work and adopted a comprehensive approach. The Single Market is highly complex. He tried to reconcile the existing tensions in market (social and market tensions).
 - It is not easy to get all stakeholders together but I highlighted a holistic approach in





my Report.

- We need to reconcile so many different elements.
- This is the only way of earning trust from consumers and citizens, trust is earned and not bought.

- A Single Market for a "highly competitive social market economy" - Single Market for Goods
 - The stage of maturity reached by the manufacturing industry in the EU.
 - The presence of a level playing field or otherwise for companies and SMEs.
 - In his Report, Professor Monti had to reconcile the social and economic tensions and economic clusters of the SM
- Open, but not disarmed: the external dimension of the Single Market
 - The Single Market versus Internal Market represents an outward looking approach to the EU Market. A Union which looks outside its borders.
 - The Single Market is what makes us really European and it is our response to Asia. We must not just pay lip service but deliver on what we propose.

➤ RÓŻA, GRÄFIN VON THUN UND HOHENSTEIN MEP (EPP, Poland)

Initially, I planned to touch upon different aspects of the Report, however, after all that has been mentioned already here, I would like to focus some more on political aspects of the “new strategy”.



The Report introduced by Professor Mario Monti has certainly raised our hopes for a new kick-off for the European market. The overall consensus has been highlighted several times.

From my point of view, the Report poses a true challenge to all of us. Furthermore, if we do not involve citizens in this initiative - the Report runs the risk of remaining just a dead letter. Not so long ago, we have passed the Services Directive, the so-called Bolkenstein Directive, as well as a Constitutional Treaty, yet both of them failed due to the very fact that citizens were not engaged in these activities neither directly, nor indirectly.

That is why it is of utmost importance that we do not make the same mistake again in case of a Single Market strategy. However, we can only achieve this aim if we change our attitudes and start acting now without relying solely on governments’ decisions. For instance, counterfeit products and piracy exhibition is an example of such a successful initiative that involved cooperation with private sector businesses.

To sum up, it will be reassuring if we put the internal market high up on the agenda.



➤ ALSTOM, ALAIN BERGER, SENIOR VICE-PRESIDENT, EUROPEAN AFFAIRS

Mario Monti's Report offers a very good and detailed analysis of the difficulties and improvements needed in the internal market.

From Alstom's perspective, recommendations could have been more substantial. The main objective should be: how can the EU remain competitive and attractive for investment? It should identify our main competitive assets and adopt an adequate long-term strategy



Industrial policy

There is a need for stronger recommendations for industrial policy, which should not be limited to competition and state aids

Industry is a key driver of EU recovery: manufacturing industry represents more than 34 million people, 3/4 of European exports, 80% of the overall R&D expenses from the private sector, more than 20% of EU production

There is a huge gap between the EU and US, Japan, South Korea etc in R&D and funding invested in innovative technologies. The EU is lagging behind.

It is not surprising that, in this period of crisis, industrial policy is back on the top of the EU agenda.

Public procurement: significant tool to promote innovation, standards, technologies etc.

Green and low carbon economy: key competitive advantage of the EU

IPR and counterfeiting: huge weakness of the EU

Physical infrastructure: there needs to be more focus within the Report, and it provides a key symbolic aspect of the Single Market for EU citizens

External Dimension of the Internal Market

It is key to have a strong industrial basis: to compete externally *and* internally with foreign companies.

Within the Report, there is a good starting point to tackle the issue of third countries' state aids, but recommendations in the Report are not sufficient: EU credibility is at stake



'Two way street' should be applied to foreign companies operating on the EU Single Market if no effective and comparable access is granted to EU companies in the countries of these foreign companies

Public procurement is the best instrument to ensure a level playing field – a mechanism to:

- exclude foreign companies according to the 'two way street' principle
- promote a certain level of standards (social, environmental, ethics and compliance)
- reject abnormally low tenders and companies benefiting from state aids in their countries.

➤ ANDREAS STIHL AG & CO. KG., DR. HOLGER LOCHMANN, SENIOR
MANAGER, INTERNATIONAL & EUROPEAN LEGISLATION

This strategy will decide about the future social and economic environment for our daily business. We appreciate the approach taken by the 'Monti' Report and would like to add some additional thoughts and experience from our industry and my company:



- Nearly all companies in our industry are global players, putting the EU Single Market into the perspective of the global market. To be able to make products cost efficient, full harmonisation of the technical requirements is needed. Otherwise the products and product portfolios will have to differ between the North America market and the EU Single Market. The current deviations in noise and exhaust emission regulations are a financial burden, hindering EU industry from reacting flexibly to market demands outside the Single Market. The US regulatory concept of Averaging, Banking and Trading is much more cost efficient for industries with a highly diverse product portfolio.
- Even in relation to the Single Market alone, there are barriers to trade from individual national product regulations. Examples are the environmental product declaration in France (EPD) and the German GS-Mark or "blauer Engel" providing individual national requirements, which are basis for selling products to the state or large organizations. An equivalent similar German speciality are the requirements for pesticide machines/sprayers by the 'Julius Kühn' Institute, which are also unique in Europe.
- Beside official requirements, there is individual experience of private or very individual interpretations of the rules of Member States. Examples include the French challenge for lawn mowers, affecting all lawn mower manufacturers and the safety clause actions from the Netherlands and Germany against several product standards, high-jacking EU and international votes and commitments.



- The way forward would be a one-to-one harmonisation of requirements, to increase the competitiveness of the market by a more internationalized technical regulation (e.g. under the roof of UN ECE) to allow ‘international’ products. Within the Single Market, there is a need for the commitment to existing rules, the commitment to the expertise of notified bodies to prevent individual interpretations and the withdrawal of individual national requirements like Julius Kühn, blauer Engel, GS-Mark and EPD.

Our forest, lawn and garden equipment maker industry is already green and sustainable, we need fewer national regulations and more international fully harmonized regulations to profit from the Single Market.

STANDARDISATION

▶ LARA COMI MEP (EPP, Italy)

- It is important to have an exchange of views with stakeholders.
- Standardisation is a big issue.
- What is necessary for manufacturing is to minimise bureaucracy.
- We need to create a faster system, simplify and accelerate procedures. Commissioner Tajani has mentioned some standards that will come to the Commission by the end of the year.
- We need a voluntary system. National level is OK but we need to work together to create a good relationship between companies and consumers. I am sending out a questionnaire to obtain industry’s opinion.



▶ EDVARD KOŽUŠNÍK MEP (ECR, Czech Republic)

- The promotion of internal market is a good idea. The Internal Market Committee should start its own Report on standardisation in the future.
- ‘Standardisation needs public support, not bureaucratic control.’ (quoting Orgalime)
- No revolution or radical changes are needed in the European standardisation system.
- We already have a draft non-paper for the next legislative measure.





➤ SCHNEIDER ELECTRIC, CLAUDE RICAUD, SENIOR VICE PRESIDENT,
INNOVATION

Standardisation for Electric Vehicles [EV] is a complex topic that highlights the challenges of standardisation management.

It is a nascent market, with many unknowns; it is extremely important to keep options open eg: Full Electric or Plug In Hybrid? slow or fast charge? AC or DC? wireless charging possibility? but foundation standards are necessary



Two very different worlds have to collaborate : the car - Original Equipment Manufacturer [OEM] and the electrical industry, with their very different business and standardisation rules, different constraints.

This is a market which attracts a lot of new players, both on EV and on charging systems whilst the systems are technically complex, notably because of safety issues

There is a strong pressure on timing, as standards are elaborated in parallel with market creation, which is new in those industries.

Industrial stakes of standardisation are very high:

- some standards are mandatory to create good conditions for market emergence
- decision taken now will shape the future 30 years on the infrastructure
- there is a huge legacy, both in cars and electrical business that must not be destabilized by inconsistent standards (notably for safety)

In this context, industries are organizing themselves to face the challenge of building a good set of standards:

- by employing the best experts on the topic so that standards can be based on a thorough assessment of technical issues
- by taking a progressive approach, to standardise what is immediately needed for the market kick off (eg. EV/Infra connection) and also give time for experiments and tests on other topics, such as services (eg. roaming, billing, energy management services with Vehicle to grid)
- making room for innovative new actors and SME to contribute to the process, both in standardisation committees and in national working structures (eg Gimelec)
- and establishing ad-hoc structures (joint ISO / IEC groups, CEN CENELEC Focus group) to arbitrate issues related to the interface between the two worlds of car and electrical infrastructure.

This should teach us a few lessons and recommendations for the future of standardisation:



- best solutions require the pro active participation of best experts from the best companies, large or small, which are motivated to help market-start. That is how standardisation can contribute to growth and employment in a way which regulation cannot achieve
- the effort is huge for all companies; to keep them involved, standardisation must remain an attractive tool by providing standards that are useful for their markets
- there is a need to help SME and start ups to contribute better to standardisation in technical committees; for this, the existence of national / regional structures is critical to reduce the cost of participation
- society involvement is important in the setting the objectives (eg, environmental) but not to build the technical standards; such involvement must be obtained through appropriate think groups that allow experts to meet with civil society representatives and users. Experiments are crucial in that respect
- finally, time-to-market must set the pace of standardisation.

▶ GIULIANO MONIZZA, ABB, GROUP VICE PRESIDENT

About ABB

ABB is a global leader in power and automation technologies worldwide. Formed in 1988 by the merger of two long-established groups, it has about 117,000 employees and is close to customers in around 100 countries. With our technology leadership, global presence, application knowledge and local expertise, ABB is one of the world's leading engineering companies, helping customers to use electrical power effectively and to increase industrial productivity in a sustainable way. Revenues in 2009 amount to US\$ 32 billion, of which 40% derives from Europe, 26% in Asia, 19% in the Americas and 15% in Middle East and Africa, so we may say that ABB's roots are in EU. The ABB portfolio ranges from Supply to Power Generation, Transmission & Distribution to systems for power and industrial process, and to building automation.



Professor Monti has highlighted 3 main initiatives in his Report:

- to build a 'stronger' Single Market
- to build 'consensus' on a stronger Single Market
- to 'deliver' a stronger Single Market

Standardisation

To achieve the above, standardisation is one of the keys that needs to be used. Standardisation needs to be close to the Industry and needs to be market driven. It can only be a tool for competitiveness when it reflects the needs and potentials of the EU Industry, as well as the benefits delivered to the market.



When we consider our European industrial background, we may say that many countries in EU are characterised not only by large corporate companies but also by medium and small size companies [SMEs].

The EU Standardisation System has to take the lead in the harmonisation approach, the public nature, as well as the international dimension. To be competitive we need a very efficient Standardisation System, flexible enough to consider the public interest and the sustainable technical solutions we have available in the European Industry, both in large and medium and small companies.

The participation to the process of small and medium enterprises is a way to spread best practice and, at the end of the day, the competitiveness of our industry.

For the electromechanical industry, for example, very close to the business activity of ABB and other companies, EU Standards cannot be disconnected from the IEC International Standards, which form the basis for the international Market.

Qualification costs, according to specific country standards, have been an obstacle to competitiveness and a kind of 'market protection' in the past.

We have lived through the situation of utilities and Public Bodies requiring different standards for different countries in EU. The process of harmonisation and standardisation through CEN / CENELEC has led a very important improvement.

Climate Change Challenges, EU 20 20 20 Targets, Renewable Energy Integration, the Smart Grids Process all require a particular focus on standardisation.

We need to realise that costs on standardisation impact, as a consequence, on competitiveness on the European product. When considering the export activities for the European industries worldwide, it is important that a European standardisation system is properly known and accepted in the largest export countries, like China, USA, Korea, India and Russia.

Standardisation is also connected to protection / violation of Intellectual Property Rights [IPR], and European Commission is urged to continue ensuring a larger degree of convergence in standardisation and assessment procedures. It is only in this way, with a proper standardisation in Europe, that we will be able to fulfil Professor Monti's main drivers in his Report.



Renate Weissenhorn and Michael Aendenhof



Discussion over dinner

PRIORITIES FOR INTERNAL MARKET

BELGIAN PERMANENT REPRESENTATION, MICHAEL AENDENHOF, COUNSELLOR, INTERNAL MARKET, COUNCIL PRESIDENCY – DESIGNATE

Thank you for the opportunity to state the agenda for the Belgian Presidency in the field of the internal market and industry.

Since the early days of the European project, the internal market has always been of central importance. I am not going to repeat the different challenges and bottlenecks that hinder consumers and business from fully enjoying its benefits. We agree that the strengthening and improvement of this internal market is a priority to preserve the position of the EU in today's global competition. We should give particular attention to the development of the digital single market.





Based on the Report of Mr. Monti and the forthcoming Communication from the Commission, the Belgian Presidency will continue and nurture the debate on the necessary measures. We look forward to assisting the Commission as much as possible in the creation of its White Paper on the subject.

Regarding pending legislative projects we will focus on 2 domains: intellectual property rights and consumer rights.

Intellectual Property Rights [IPR]

The adequate protection of intellectual property rights was identified in the EU2020 strategy as one of those important bottlenecks for the better functioning of the internal market. Mr Monizza (ABB) has also underlined this earlier.

Here we have identified 3 specific topics of concern:

1) The most urgent need in IPR is the creation of a single EU patent that would allow more effective and affordable protection in the whole EU. We have been discussing this issue for decades, but since the progress made under the Swedish Presidency we believe that the time is ripe to make concrete progress. We need to overcome political disagreements regarding the language issue. 'Language' cannot be allowed to stall the discussions on such a vital tool for European innovation. In a short time the Commission will put a new proposal on the table. During the Belgian Presidency we want to discuss this extensively in order to achieve real progress by the end of 2010.

2) Taking into account digital evolution, the second field which deserves particular concern is the copyright issue. The digitization of printed works presents us with concrete challenges. One of the answers will be the legislative initiative concerning 'orphan works' which will be proposed and discussed under the Belgian Presidency. Another initiative will be collective rights' management on which we expect to have a proposal by the end of the year.

3) Enforcement of IPR deserves also particular attention. Protection is nice, but it needs to be enforced. We will proceed to the evaluation of the current framework and launch the discussion on the range of criminal sanctions' possibilities. The Belgian Presidency will also strive to finish the negotiations about the Anti-Counterfeiting Trade Agreement before the end of 2010.

Consumer Rights

Concerning consumer rights we will in the first place focus on the Consumer Rights Directive. In his Report on the Internal Market Professor Monti calls on us to reach an agreement "without delay" on this Directive "in order to ensure a high level of protection for consumers in an integrated retail market". Taking into account the pragmatism shown by Commissioner Reding and the active approach within the European Parliament, we believe that progress is also possible within the Council. The Belgian Presidency is engaging itself to follow this advice and aims for a general statement in the Council at the end of our Presidency.



Finally I would like to speak briefly about the intentions of the Belgian Presidency in the field of Industry and Innovation.

In general we will strive to give a new impulse to the launch of the flagship initiative: 'An Industrial Policy for the Globalization Era' to improve the business environment, notably for SMEs, and to support the development of a strong and sustainable industrial base, able to compete globally. The aim is to develop a proactive reflection regarding the transformation of the European economy to a more green economy that can compete on a world scale.

We will give priority to a sustainable industrial policy for Europe. The main objective is to consolidate the current integrated approach to the industrial policy. It will be of great importance that the Community industrial policy combines a horizontal approach with a sectoral approach. The horizontal approach will aim at ensuring cohesion and synergy among the various strategic sectors, while the sectoral approach, will allow the specific characteristics of the various sectors to be taken into account. In the context of globalisation, enterprises need to develop their products and manufacturing processes while improving their skills in order to remain competitive in the new markets. But they must also find new opportunities resulting from technological developments and globalisation.

In the field of innovation the Presidency will support the implementation of the 'Innovation Union' plan, one of 7 flagship initiatives under the 2020 Strategy. National governments will have to reform their innovation systems to boost cooperation between industry and universities, and 'ensure a sufficient supply of science and engineering graduates. This is something business groups have been pushing for, long before the outbreak of the financial crisis. An informal Council has been arranged for 14 / 16 July with a joint session on industry and research.

In conclusion, I would like to underline that we would like to anchor irreversibly the specific attention we would like to give to SMEs. They are essential for the European growth and key if we would like to improve the competitiveness of the EU in the world.

▶ EUROPEAN COMMISSION, RENATE WEISSEHORN, DG ENTERPRISE

Mr. Barosso has said that there is one important lesson to be learnt from the current financial crisis, namely that there will be no monetary union without an economic union, and one of the most important ways to achieve an economic union is to deepen the Single Market.

This is why we have embarked on a re-launch of the Single Market and the Monti Report gave us the impetus for this. We have even established a dedicated Commissioner Group for this re-launch and to prepare a proposal for later this year, which should contain a list of concrete deliverables for 2010 till 2012. We





are consequently in the middle of looking at the remaining bottlenecks for the Single Market and what concrete solutions we can propose. The Monti Report acknowledges the importance of standardisation for the achievement of the internal market and it provides for new challenges.

We will certainly carefully study and address these issues either in the Single Market Act or in our ongoing review of the Standardisation System, also planned for the end of this year.

Now let me look closer at the concrete suggestions:

- *extension of the New Approach to new areas*
- *simpler and faster standardisation processes* - this will particularly be true for interoperability standards in the area of ICT and other innovative areas. We need to find ways to ask for 'interoperability specifications' to support research and innovation
- *support for the participation of SMEs in standardisation, especially through Member States* - the Commission is in agreement and has started initiatives on European level with European Standardisation Organisations [ESOs]; it believes that Member States will have to ensure sound platforms at national level (also with resources)
- *proactive use of standardisation to promote innovative green products and technologies* - this is the real challenge – the scope of 'classical European standardisation' is being extended to new fields and this should be done in a proactive way. This can be achieved by getting Standardisation in the research projects (as an evaluation criterium) and by getting a specific financing programme in the next Research Framework Programme
- *Single market for green products by developing standards for measuring and auditing carbon footprints and for energy efficient products, including trade certificates for renewable energy products* - comments about specifications apply here and there may be a need to develop more flexible ways of working with ESOs.
- *The EU should strengthen the Single Market for industrial and business services by removing the remaining obstacles to the free movement of such services, by improving the EU-level framework for service standardisation and by promoting innovative services* - similarly, the Commission plans to extend the scope of its new legal base. Not all service areas will need European standardisation, but there are certainly some which would largely benefit from it.

Reforming the Standardisation Process

There are challenging times for standardisation ahead as you can see from this short list, but also here the Monti Report gives us hints on how to proceed:

Monti Report proposals:

- *faster and more efficient setting of interoperable and market-relevant standards, based on internationally accepted models*
- *review the European standards process, maintaining the benefits of the current system while striking the right balance between European and national dimension*

This we will be taken into account in our current revision of the European Standardisation System.



We should distinguish between different kinds of standards. It is not the same thing to develop a standard where the safety of consumers is at stake or simply to ensure interoperability between machines. The first needs a higher level of consensus and the second needs faster development, especially in the ICT domain. To this end, the reform we are working on has a special chapter on ICT standardisation.

Market Surveillance

Monti Report proposal - the application of the principles of the new legislative framework should also be extended to other areas of product legislation and the new Approach should be expanded to new areas across the board.

Market Surveillance is an important issue:

Standardisation is a key element for market surveillance as it facilitates the job of the market surveillance authorities by giving them a point of reference. The links between standardisers and market surveillance authorities need to be strengthened.

The participation of market surveillance authorities in standardisation work is a means of taking their needs into account. They are also important users of standards. There are even voices that say they should contribute financially to standardisation, as they are major users. The Commission believes there is a need for more coordination in this field through an EU programme.

The international market was also particularly highlighted in the Monti Report.

International Dimension

Monti Report proposals:

- *setting the terms of global competition through anticipatory regulation and standard-setting*
- *Europe should be on the offensive in setting EU-wide standards for innovative products and technologies, such as in the area of low carbon and ICT services and technologies.*

The Commission is aware that standards are a key enabler for international trade. The role of regulation and standards in Commission negotiations on Trade Agreements is for another discussion.

The question of how to keep leadership in standard setting at international level is not an easy one. Sometimes standards go from national level to international level and only after they become European, thanks to the Vienna and Dresden agreements. Is this the most efficient way to reach international advantage? One should not forget that the National Standardisation Bodies [NSBs] have individual votes at ISO thanks to the National



Delegation Principle, which means that the EU has potentially 27 votes; even though they are sometimes not coordinated. So far there have not been any good suggestions for resolving this problem.

▶ EUROPEAN COMMISSION, EMER DALY, DG MARKT

Outline of the process we are following – taking account of:

- Monti Report
- EP own initiative Reports
- Barriers & blocks identified by Commission



What will the Commission do about the issue of internal market? The answer is complex.

In the Commission we have developed an analysis on the internal market but we are confronted with 140 obstacles/barriers. However, the problem is political. We need something sexy, provocative, that will stimulate us into legislating. The most important is the growth of business and jobs. Green products, services, electronics area are areas for such growth. The knowledge area is half of the way; nevertheless a potential but not deliverable area.

From Crisis to Growth - Where Do We See Major Growth Potential in the EU?

4 ½ pistes which look very promising:

- 1) Interoperable networks
 - 2) Green products
 - 3) Cross border provision of services
 - 4) E-commerce
- ½) Knowledge society - if there is free circulation of knowledge then there would be significant growth potential but there are many barriers at present



From a Business Viewpoint - What Needs Fixing?

- 1) Bad bureaucracy, red tape – we are doing something about that
- 2) Incoherent government approaches to eg. State aids/ competition/ application of EU law, replacing uncertainty with predictability
- 3) Better access to finance (Banks, alternate investment funds)
- 4) Complications in cross-border business: double taxation, VAT, standardisation
- 5) Law – challenges of working across border – company, contract, recovery of debt, patents, copyright – a lot of fragmentation.

Concluding Remarks

The European Commission must now weigh up all concerns - and conflicting wishes - and will come forward with the publication of Communication ‘Single Market Act’ in October 2010 which would detail the measures to be proposed by Commission between now and 2012 (20 years on from 1992).



CONFEDERATION OF DANISH INDUSTRY [DI], ANNETTE DRAGSTAHL,
SENIOR ADVISER

DI represents about 11,000 Danish companies – big as well as small. In fact, 75% of the members have less than 50 employees. They cover all industries: from basic manufacturing, to high tech and services.



DI believes that the Monti Report is a very valuable contribution

It introduces many proposals which seem realistic and have a real potential of being carried through – *if* the political will is there. DI hopes so – and we would urge Members of the European Parliament to help the vision come true.

Since the mid 1990’s DI has made several studies of how the Single Market functions, also in cooperation with Business Europe. “It’s the Internal Market, Stupid...” is one of them.

So what are the main challenges? And what can Members of the European Parliament



do to create a level playing field for companies, and at the same time ensure safe products on the market?

I would like to highlight three issues in connection with law-making:

- business needs full harmonisation – *not* minimum harmonisation
- keep administration to the minimum
- be realistic when setting limit values

This can be illustrated with an example.

The *Pyrotechnic Articles Directive* is under the previous Article 95, and it requires CE-marking of fireworks. However, at the same time, under Article 6, Member States are allowed to prohibit or restrict the sale of category 2 and 3 fireworks – provided that such measures are justified on grounds of public order, security or safety, or environmental protection.

Apparently, this article was a condition for the Directive to be voted through. But when we talk about ‘fireworks’, it is easy for a Member State to take ‘safety’ as a reason for national regulation. This means that a rocket sold in Germany is not the same as a rocket sold in Denmark. Member States have typically notified all their existing legislation. Companies have spent time and resources for elaborating standards, but they have no value due to a high number of national deviations.

Manufacturers will have to have type-approval of fireworks and certification schemes, but they do not get the benefit of the free movement. How will consumers understand that a CE-marked product might still be illegal on their market, and how will authorities undertake market surveillance?

Whether to harmonise or not is also currently under discussion in the European Parliament where the Consumer Rights Directive is being negotiated. The newly published draft Report suggests partly harmonized requirements and partly minimum harmonisation.

This is confusing both for companies and for consumers.

Minimum-harmonisation opens up for national variation and introduces extra burdens with no added value.

Companies need legal certainty and legal stability – not compromises giving rise to extra administration and confusion!

Another example is to be found to illustrate this relating to the issue of limit values.

The new Toys Directive from June 2009 gives strict limit values for a high number of



chemicals – and already now, before it enters into force, there is discussion around whether new requirements should be introduced. It might be easy to decide on figures and limit values in theory, but a recent study shows how difficult it is to ensure equal treatment in practice. An analysis made by the Joint Research Centre of the European Commission compares the testing of eight heavy metals in toys.

Without going into details at this point, I believe it gives food for thought to hear the conclusion of the Report.

In fact, about *one third of the 40 participating laboratories* made a wrong assessment. They either:

- accepted the material or
- rejected it, without having results justifying the decision - or
- rejected the material correctly, but based on unreliable results.

In fact, it also turned out that almost all had a severe lack of experience in using and understanding uncertainties.

How does it help to have common – very strict values – if they cannot be measured, interpreted and controlled correctly?

We end up with an uneven level playing field – and non-compliant products on the market!

So, please - be realistic!

MARKET SURVEILLANCE

▶ CRISTIAN SILVIU BUSOI MEP (ALDE, Romania)

Market Surveillance plays a crucial role for the Single Market, for EU citizens and for business. We are all consumers in the Internal Market where products move freely from one country to another. It is of paramount importance that the products put on the market in the EU respect the safety requirements laid down in EU law. To ensure full consumer protection from all possible risks to their safety and health, cooperation between national authorities in charge of product safety is indispensable.



We already have a framework for market surveillance and a tool for information exchange between national authorities, namely RAPEX. This system has been successful up to a certain point. There are a series of achievements in the field of consumer protection that



we owe to RAPEX. But on the other hand we live in a world that changes rapidly and we need to adapt to these new challenges. This is why we need to improve our market surveillance mechanisms in order to continue to provide a high standard consumer protection.

The world we live in is a globalized world. Even if we are, as citizens of the EU, consumers within the Internal Market, the products we buy are not exclusively manufactured in the EU. We cannot ignore the increasing trend towards the internationalisation of the supply chain. This is why we need to ensure market surveillance within the Internal Market and additionally create a viable framework for cooperation with our trade partners so that we avoid the entry into the Internal Market of those products which are potentially dangerous for consumers. Moreover, we also need to take the emergence of new risks into account.

The New Legislative Framework adopted in 2008 already contains a certain number of improvements in order to adapt to these challenges. And here I have in mind especially Decision 765/2008 which makes the RAPEX system applicable not only to risks to consumer health and safety, but also to environmental risks, security risks and to risks related to working conditions. This is significant because this provides an extension of the scope for market surveillance.

The Own-Initiative Report of Ms Schaldemose MEP in the Internal Market Committee on the review of the General Product Safety Directive and Market Surveillance will certainly be an opportunity for the European Parliament to go even further.

There has also been recently a positive evolution for manufacturers and distributors, who are at the heart of the evaluation of product safety, given the technical knowledge they have about the products they place on the market. This is through the creation of the Business Application in May 2009. This Application can be used by manufacturers in order to conform to their obligation under the General Product Safety Directive of 2001 to notify a dangerous product to the Competent Authorities and to their RAPEX point of contact. The Business Application has the advantage of simplifying things for enterprises which now have an easier mechanism for notifications, directly on the Internet and to all EU national competent authorities. This is a good thing because manufacturers need to cooperate with national authorities in order to ensure consumer protection,. But for this to happen, we also need to create a framework that puts the least burden on manufacturers.

There are some other areas where market surveillance can be enhanced. Despite visible progress, there is still some room for improving traceability. Some 7% of the notifications submitted to RAPEX in 2009 concerned products for which the country of origin could not be identified. In the context of globalization, enhancing traceability is of paramount importance. Traceability is also the main problem in our cooperation with China within the RAPEX-China framework. Traceability problems were accountable for the inability of Chinese product safety authorities to take the necessary corrective measures, according to the RAPEX Report 2009. Enhancing traceability is a must in order to reap all the benefits of our cooperation with China, which is crucial, given the high amount of Chinese products imported into the Internal Market.



There is a need to improve the efficiency of the RAPEX system with a more rapid system which should be able to cope with new risks.

Another point of great importance, in my view, is the close cooperation of market surveillance authorities with customs authorities. Since European consumers also buy imported goods, it is important to prevent dangerous products from entering the Internal Market and being sold to consumers. This can be achieved through efficient customs controls. There is scope for creating an efficient network between Customs and market surveillance authorities which would deliver better cooperation. Ensuring the exchange of information between market surveillance authorities and Customs would also provide some added value in order to better target customs controls. The interoperability of IT systems could be a solution to achieve this.

Last but not least, there is the issue of proper transposition and implementation on the ground, of EU law in the Internal Market field. Without proper application of the Internal Market rules, even the most efficient legislative framework would fail to effectively protect consumers from dangerous products. We need to promote Internal Market Assistance Services such as the Citizens Signpost Service, SOLVIT or EU Pilot in order to encourage European citizens and businesses to report difficulties related to the application of EU law. Tracking these problems is a first step towards finding solutions either at EU or national level, which would lead to a more effective application of EU law on product safety and therefore enhance consumer protection.

 PHILIPS – PAUL COEBERGH VAN DEN BRAAK, SENIOR DIRECTOR

Regulations are essential to protect consumers and society against certain possible down sides of our economic system.

A regulatory system can serve this purpose in proportion to the strength of its overall chain – that is its weakest link.

Therefore a balance must exist between rules and their enforcement.

There are three sorts of economic actors when it comes to playing by the rules: the willing and able, the willing but unable, and the unwilling.

Without sufficient enforcement regulations only create cost advantages to the unwilling as they will just ignore the rules. This leads to increased sales of non-compliant products.

Market surveillance gets too little attention in the EU as it is seen as a cost factor by Member States, and organized inefficiently. Better cooperation between customers and surveillance authorities is required. Member States should agree, at EU level to step up





their efforts. And instead of 27 Member States authorities all trying to be everything for everyone, a joint optimisation could be sought by installing some 10 centres of competence, each of them focussing on certain product groups and build up the necessary competences, information base, test procedures and equipment.

▶ JLG INDUSTRIES, ALAN MCINTYRE, MANAGER, ENGINEERING-SUPPORT, EUROPE



Introduction

JLG Industries is one of the largest manufacturers of aerial work platforms (EWP) and a significant manufacturer of telehandlers. JLG has been involved in aerial work platforms for more than 25 years and with rough terrain variable reach trucks for approximately 8 years. I represent the European Federation of Materials Handling and Storage [FEM] Mobile Elevating Work Platforms [MEWP] product group, currently as its President. My principal duties are in the fields of standards and regulatory affairs. I also represent the employers on European Standards (CEN) for MEWP, and European (CEN) and ISO for RTVRT as well as trade association activity of FEM & International Powered Access Federation [IPAF] for MEWP, and FEM and British Industrial Truck Association [BITA] for RTVRT

Market Surveillance

There are several questions around this:

- Should manufacturers be concerned with this?
For responsible manufacturers – absolutely not. However we need to consider what is to be achieved by the surveillance of the market.

Surveillance is normally perceived as controlling and thereby ensuring conformity to Directives & standards. This means complying with trading rules (eg. CE Marking) and meeting health and safety requirements ie EHSRs as outlined in Directives

- Protecting of consumers or users.
No doubt! Standards & Directives need to be in place to ensure a level of protection that could be expected by consumers and users. In our industry the Essential Health & Safety Requirements of the Machinery Directive are the principal “protections” in place to fulfil the expectations of users that the machines they purchase meet modern health and safety requirements
- Can it work for manufacturers?
Absolutely – but with some caveats! Responsible manufacturers should have nothing



to fear. They need to be aware of requirements and participate in formulating requirements

Manufacturers need to be up-to-speed on current and future requirements not only from purely commercial aspect but also taking cognisance of product liability issues.

- How can it work?

It is important to remember why. Standards & Directives should assist with guidance on up-to-date safety requirements and guidance on trade requirements such as: CE marking; conformity assessment requirements and Declarations of Conformity. This should provide a level playing field for all providers in the market.

Manufacturers should be able to look to the surveillance bodies to police the market and implement any embargos necessary to ensure we all compete on a level playing field.

Compliance by manufacturers is a costly process both in hard euro and time, all participants in the market should be held accountable for meeting the same requirements in equally responsible ways.

- Does this work? An example

Well – maybe not! An example by way of illustration from my industry – MEWP.

This product has certain specific demands as by Machinery Directive [MD] MEWPs are Annex 4 machines which place a requirement on suppliers to fulfil prescriptive requirements under Article 12 of the MD. To fulfil the requirements placed by Article 12, it is imperative to have a detailed knowledge of the equipment in question. To achieve this there are different routes available but my company spends approx €20K to initially approve an individual model to place on the EU market.

There is also an on-going cost to maintain this. We use highly and industry experienced notified bodies, these are appointed and regulated by individual Member States.

Situation of concern - machines are produced to different standards depending on the markets being served. The principal standard for MEWPs, due to sheer market size, is the ANSI standard for North America. Despite considerable efforts by the MEWP industry to develop common ANSI & EN standards, differences continue to exist and are likely to do so for some time.

An increasing traffic of machines exists, built to ANSI standards, and being brought into the EU. These machines are frequently referred to as ‘grey imports’.

What can be done with them? They are not in compliance with EU trade and safety requirements and should be prevented from entering service! Is this an over-simplified approach? Possibly not!



The entity bringing the equipment into the EU can, by assuming the role of manufacturer, and then fulfilling all the requirements prescribed in the Directives, place it on the market. But consider whether it is really conceivable that, for example, a machinery dealer could buy a machine at an auction in USA, and be able to fulfil all the technical requirements and possess the fundamental knowledge of the machine design. This is unlikely.

Even if it were possible to meet the technical requirements, the cost of doing so would be high.

What is happening to them? Very simply - they are entering service.

How? Possibly through ignorance of the requirements. There can be a request for a CE declaration, which implies knowledge of the requirements or instructions to “convert”. There is a requirement to fulfil the requirements specified in article 12. Principal among these requirements is the needs to follow the type examination as specified in annex 9 of the MD.

This raises the question of whether an entity other than the original manufacturer can have the detailed knowledge to fulfil the type examination under annex 9. This is probably not possible without the Manufacturers Technical File due to the lack of knowledge of information including that of the design calculations, stability calculations, testing and material characteristics. It raises the related question of how a notified body could carry out a competent type test if the information cannot be supplied. This does cause concern for manufacturers which can and do fulfil the process at considerable time and expense. These grey imports cause material impact on our business and could pose safety issues.

- Where does the surveillance fail us?
Instances of specific machines being placed on the market have been responded to by the question “Are the machines unsafe”.

No, machines in ANSI specification are perfectly safe and legal in North America *but* they do not comply with EU requirements. Why do all the type test if the simple question “are they safe” There may be a distinct lack of appetite to pursue grey imports.

This may be the case but there may be mitigating circumstances. Any initiative taken needs a considerable technical and legal knowledge to ensure a watertight case for legal action. Cases need to be well constructed to ensure that they are understood fully by legal advocates and lay people who may act as a jury. The detailed technical points of the Directives may be difficult to understand for legal advocates, lay people and possibly by safety authority inspectors.

Sadly that is my experience. It is not a level playing field!



- How do manufacturers achieve a levelling of the playing field?

The regulatory bodies of some Member States seem to make an industry of raising issues. Often following a single accident in service or due to historical requirements that predate the current Directives. Indeed one Member State causes more work than all the other MS combined! This may be due to a number of factors including cultural, bureaucratic history, lack of understanding, the need for better education or training. Or it could be attributed to a lack of belief or trust in notified bodies. Some interpretations are highly questionable and do exhibit trends back to previous national standards. There is a need for Member States to work with the EC representatives on Directives and with notified bodies to ensure consistency in decision making and advice given. The CE is fine as long as it agrees with what we want

Conclusion

In a litigation and blame culture, manufacturers are only too aware of the risks by placing unsafe product on the market. It is not and should not be the position of any responsible manufacturer who takes market requirements seriously.

A CE marked product is only as good as the responsible manufacturer that ensures compliance.

There is a need for all to have responsibility better to protect the EU market place and expose non compliance from products being placed on the market and products being “modified” out of compliance.

Maybe there is a requirement for a more simplified exposure procedure – eg. statutory thorough examination/safety inspection.

Industry needs to work closely with the market surveillance authorities.

MUTUAL RECOGNITION & MAKING THE INTERNAL MARKET WORK

► MORTEN LØKKEGARD MEP (ALDE, Denmark)

Introduction

Many issues have already been touched upon. One thing is sure: the Single Market is important for growth and jobs – and thus for manufacturing in Europe. Except for some outstanding areas, rules and principles are in place – so what can still be done?

Mutual Recognition

Mutual recognition is an important principle to ensure free movement within the internal market of product not covered by harmonised legislation.





In 2008, the European Parliament and Council approved a Regulation which reverses the burden of proof so that it is the Member States which have to justify any decision influencing the free marketing of a product on their territory. The justification must be based on the characteristics of the product or type of product in question, and not only on a possible national regulation. The creation of such procedures will hopefully facilitate a better functioning of the internal market in the non-harmonised area.

More can and should be done as more than 600 national regulations are notified to the Commission every year, which all, in some way, represent barriers to the free movement.

Correct Implementation and Enforcement of Directives in Member States

The *Internal Market Scoreboard* is in my opinion a useful instrument to put peer pressure on Member States which fail to meet transposition deadlines or do not transpose correctly. And the scoreboard has a positive effect on most Member States, as nobody wants to be the worst implementer. The scoreboard can still be much improved and thus help optimize the effects of internal market legislation. Proposals for improvement include a more extensive awareness raising of the results which will increase pressure on the 'guilty' Member States.

Whilst this discussion focuses on manufactured products, increasingly services are sold together with products – and across borders. For example: installation and maintenance of machinery; and manufacturing companies also need business-to-business services. The Services Directive was subject to heavy debate when it was introduced. It has now come into force as of 28 December 2009. It involves a requirement to Member States to screen existing legislation in order to abolish regulations which create unjustified barriers to the free movement.

The Directive also articulates the right to free movement of services. However, the impact is fully dependent on the commitment of Member States to fulfill their objectives. The European Parliament [EP] will study and adopt a Report on the implementation process - and we will put pressure on Member States to ensure full implementation as fast as possible. This is an example of how the EP will have a role when legislation has been adopted in Brussels.

More and more, MEPs will follow implementation and look at the practical impact of legislation. Legislation must be enforced correctly and in a homogeneous way. Therefore, training of desk officers and judges in EU-rules and main principles must be organized at EU-level.

Problem Solving

Some barriers will probably always exist as there are different interpretations and different administrative procedures in the different Member States and even in some regions. To help companies in concrete cases, we must have efficient and qualified problem-solving mechanisms. The SOLVIT network is a good example, illustrating where Member States,



in an informal way help solve problems caused by incorrect application in the Member States of common rules – or breaches of the principle of mutual recognition. The SOLVIT network solves more than 80 per cent of all its cases and in 2009 saved companies and citizens €128 million.

What Can Manufacturers Do?

Manufacturers can do much to help the internal market function better. First of all, decision makers need to know how legislation functions in practice. This is why a debate like this one is very useful! Concrete examples often give a better understanding of where the problems lie.

I also urge you to react when you meet barriers. A complaint from one company – might help many more companies in the same situation – and thus we can gain some of the unrealised potential of the Single Market.

It goes without saying that you who are here to-day follow the rules. But as we have discussed under the Market Surveillance element, there are still many ‘out there’ who don’t play by the rules – and who put non-compliant and/or counterfeit products on the market. This gives an uneven ‘level playing field’ – and we must find ways together to catch such traders.

Conclusion

There is a need for a change in mentality. We must all push for a higher focus on the EU and European thinking in our home countries. It is important that national politicians and desk officers alike understand the need for common rules and are committed to the European project.

HVALSOE SAWMILL A/S, MARTIN NYROP-LARSEN

Introduction to Hvalsoe Sawmill

Hvalsoe Sawmill is a small company, established in 1935, but now fully adjusted to modern requirements. Today one of the biggest and most modern hardwood sawmills in Denmark.

It has 22 employees, but is nevertheless a truly global company. We buy bulk logs directly from the forest plantations, 95% beech from Denmark and the rest is primarily redwood from the Central African Republic and Cameroon. 90% of the production is exported, primarily to India, Japan, the Middle East, the USA and China, but also to countries within the internal market. We are facing the globalization, which is a daily challenge with the highest labour costs in the world.

We produce semi-finished products. Our main customers are: door manufacturers, flooring industries and distributors - worldwide.





Environment is important for us – therefore Hvalsoe Sawmill is a 100% ‘green’ company without chemical use. The factory and indeed the whole town are heated using our own sawdust and woodchips. Furthermore, we are Forest Stewardship Council [FSC] certified which means that all products can be traced across the whole supply chain, in order to secure legal wood from sustainable forest.

The internal market is a success – but we can do better

Overall, the internal market is a big success for our company. Previously, we had to set up different import and export papers, our trucks had to queue up at each border, and we had to pay handling fees at all stages. This involved a lot of resources in time and money which did not give any added profit.

Additionally, thanks to the EU ensuring the free movement of labour across borders, we now employ several, very well qualified Slovakian workers at the sawmill. They were first hired a few years ago because we simply could not find workers in Denmark. So mobility of labour is indeed important for our competitiveness.

The free movement within the internal market has certainly made us more competitive, but we can do even better. There are still many challenges which make daily life difficult for small companies.

A small company in the wood-working industry is not very different from being a SME in other sectors, we need:

- as little administration and bureaucracy as possible
- common rules
- a level playing field, including efficient market surveillance, i.e. control with illegally produced timber. We strongly recommend the EU to impose the Flegt certification – from a voluntary to a compulsory requirement

Examples of Barriers

Some examples of the challenges my company meets due to different national rules - primarily caused by national environmental requirements include:

- **Phytosanitary Requirements in Spain**
For each consignment we have a phytosanitary certificate elaborated by local authorities in the country of origin. In Spain authorities often – but not always – require that containers with logs are fumigated. Such treatment takes time and is costly. In Denmark, such treatment is, on the contrary, not allowed!
- **Import Ban of African Wood in Norway**
We supply African hardwood to kitchen table tops. However, Norway which is a very big market for kitchen elements, has forbidden the use of African wood, even if it is 100% certified and sustainable. Boycotting their products does not help for Africa and nor does this respect free movement and mutual recognition within the internal market. (Norway, whilst not a member of the EU, participates in the Single Market.)



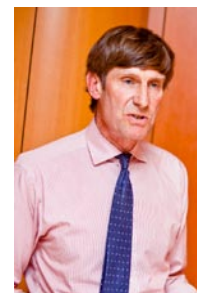
- Treatment of Timber for China
In China it is required that wood logs are treated with different chemicals. In Denmark such treatments are prohibited. German sawmills can, however, give such treatments. This makes an uneven playing field and puts us - as a Danish company - in a disadvantaged situation compared to German producers.
- Transport hindered by different national rules
Free movement of goods is linked with transport. Transport and mobility are prerequisites for growth and welfare. Efficient logistics and free competition in the transport sector are preconditions for ensuring materials for production – just in time – as well as goods in the shops.

However, still much has to be done. There are different rules in different countries – and even regions – as to when trucks are allowed to be driven. In some countries there are no restrictions, but in Germany and Spain for example, trucks are not allowed to drive from Saturday night to Sunday evening. This is a challenge when you plan deliveries. It makes logistics rather complicated.

Furthermore, driving with empty trucks should be reduced by liberalizing the provisions for driving internally in other Member States (cabotage). National technical rules today increase the transportation of empty vehicles and thereby increase fuel consumption to the detriment of the climate. The EU should permit systems of long heavy vehicles on the general road network to reduce CO2 emissions and make the logistics chains more efficient.

► ORGALIME, RICHARD DICK, PRESIDENT

- If one thing has become clear, after a year and a half of economic crisis, it is that policy is not *automatically* heading in the right direction. With the pressure on the euro following the crisis on the markets, we are seeing many governments heading in the direction of austerity programmes. This is no doubt a short term ‘must’. But is this the only action they must take? In the longer term how are we going to generate the money to sustain our European social model while balancing countries’ budgets? Austerity alone cannot be the solution. We will just kill growth –and the EU is already one of the slowest growing areas in the world – and this will just lead to growing unemployment which will put a further strain on national budgets





- In Europe we have a very clear common good: it is our common market. After ten years of having an internal market, the EU GDP turned out 1.8 % points higher than it would have been otherwise. It also led to 2.5 million extra jobs that wouldn't have been created otherwise and extra prosperity of 877 billion euro
- But there are also other benefits of the internal market: it rendered the economies of scale, needed for our industries to become more competitive on their export markets outside the EU. And this helps to develop our Neighbourhood policy
- We therefore fully agree with Professor Monti that we must uphold and strengthen the internal market. We are however not as optimistic as he is that it will be easy to do. It is not only a question of acceptance of the internal market by citizens. It is a much more fundamental problem of the way the regulatory framework under which we operate has been going for the last ten years:
 - first manufacturing companies need to feel welcome
 - then, there is the issue of access to finance
 - we are not an industry which asks for subsidies, but we do appreciate the opportunity to optimise our own investment in R&D through co-funded projects at a European level. We are delighted by this and pleased to see both the Commission and the European Parliament moving towards simplifying the conditions under which companies can use this funding simplified
 - what is really missing from Professor Monti's analysis and recommendations is the impact of regulation. We feel that for a number of years things have really been going the wrong way. We cannot have a *powerful industrial policy vision* for Europe championed by DG Enterprise if it is constantly undermined by other policies. These policies which undermine the internal market are a root cause of the issues that the EU faces today for its manufacturing future
- We must go back to a rational basis for regulation and some degree of predictability if we are to encourage manufacturing investment and growth
- To sum up then, our continued leadership in manufacturing technologies in Europe is, we believe today dependent on the ability of regulators to establish a real partnership with industry and to develop an integrated industrial policy vision that builds on the strength of the internal market. And this is really a matter of urgency.

CONCLUDING REMARKS

▶ MALCOLM HARBOUR MEP (UK, ECR) CHAIR, INTERNAL MARKET COMMITTEE

The SOLVIT system has been a success in its relevant terms. There are not many people working on that. DI is a leader in promoting single market. It will be a failure if we do not make companies work on that.



Important words like growth, jobs, greener products, wealth growth have been mentioned this evening.



▶ CLAUDIA HAMILL, SECRETARY GENERAL, EUROPEAN FORUM FOR MANUFACTURING

Thank you – all participants, in particular the joint sponsors: Dansk Industri and Orgalime. Thanks also to Orgalime for its practical support both during and before the Roundtable Discussion.



The next EFM Roundtable Discussion will be on 29 September focusing on ‘Trade, Competition and Manufacturing’.
