



Council of European Employers
of the Metal, Engineering and
Technology-based industries



PAPERS PRESENTED AT
THE EUROPEAN FORUM FOR MANUFACTURING
POLICY DINNER DEBATE

MODERN MANUFACTURING & THE
WORKFORCE

DO WE NEED A EUROPEAN PILLAR OF SOCIAL RIGHTS?

TUESDAY 29 NOVEMBER 2016

Members' Salon
European Parliament - Brussels

MODERN MANUFACTURING & THE WORKFORCE DO WE NEED A EUROPEAN PILLAR OF SOCIAL RIGHTS?

On Tuesday 29 November 2016, the European Forum for Manufacturing Policy Dinner Debate: 'Modern Manufacturing & The Workforce' was held in the European Parliament, chaired by MEP Martina DLABAJOVÁ, Member of the Employment & Social Affairs Committee, ALDE – Czech Republic for the first session and MEP Anthea McINTYRE, Member of the Employment & Social Affairs Committee, ECR – UK for the second.

The objective of this Dinner Debate was to discuss Modern Manufacturing, the workforce and new challenges in skills and work organisation.

Technological development, and in particular the rapid digitalisation of both industry and society, is leading to changes in the way that work is organised. It is changing skills and occupations in the manufacturing industry. Together with globalisation, economic developments and demographic change, digitalisation is raising questions about our current and future work models, and whether the legislation that today regulates working life is fit for our future.

The discussion focussed on the following issues:

- Is it useful to have a European approach to education and training and competence development and what are the most pressing concerns for manufacturing industry in securing the right competence?
- Can an enhanced focus on social rights at European level help European manufacturing companies face the competitiveness challenges of globalisation and digitisation?

Contributions from the European Commission were respectively led by Michel SERVOZ, Director General for DG Employment and Lowri EVANS, Director General for DG Grow.

MEP Georgi PIRINSKI, MEP Martina DLABAJOVÁ and MEP Anthea McINTYRE represented the Employment & Social Affairs Committee of the European Parliament.

Manufacturing companies were led by Teseo SpA Italy and ITS Aerospazio / Meccatronica and represented by The Technology Industries of Finland and Nordic-In, Industri'All, The European Trade Union.

CEEMET, Council of European Employers of the Metal, Engineering and Technology-based Industries, sponsor for the Policy Dinner Debate, also made presentations.

The highlights from the presentations are included below.



1. SKILLS

► Welcome



Martina DLABAJOVÁ, Member of the European Parliament

Good evening Ladies and Gentlemen. On behalf of my Parliamentary colleagues from different political groups, I would like to welcome you most warmly to your European Parliament.

It is my great pleasure and true honour to be here with you today to open this year's European Forum for Manufacturing. Many thanks for inviting me and giving me the privilege to Chair the first panel of this evening's discussion.

My name is Martina DLABAJOVA. I've been a member of the European Parliament since 2014, from ALDE group. I am the Vice-Chair of the Budgetary Control Committee and I am active member of the Committee on Employment and Social Affairs focusing mostly on youth employment, job mobility and competitiveness of our businesses.

For those of you attending the European Forum for Manufacturing for the first time, just a short insight into its history...

The Forum was established in 2009 by the then Chair of the Parliament's Internal Market Committee.

It is a cross party and has a rolling programme of meetings bringing together the European Commission, MEPs and Presidency representatives to debate European policies relating to European Manufacturing.

For many years now, the Forum has devoted one key meeting each year to Employment and Social issues, which are currently being debated by the Employment Committee. This time we will be focusing on : Modernising Manufacturing and the Workforce - do we need a European Pillar of Social rights and more particularly on the subject of Skills.

I have been interested in this topic long before I was elected the Member of the European Parliament and recently, it gained even more importance for me after being appointed the rapporteur for the Parliamentary report on "A New Skills Agenda for Europe".

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Coming myself from business, I know very well what are the challenges businesses and industries struggle with when hiring young graduates lacking the required skills - and what needs to be done to make a change!

I was rapporteur of my own-initiative report on matching skills with jobs where I highlighted the importance of better cooperation between education and businesses, better anticipation of future skills needs as well as the motivation and responsibility of young jobseekers.

And I am very happy that my recommendations given by it have started to bear fruit and show its influence on the European policies - such as the New Skills Agenda presented by the Commission in June.

For me, the topic of skills and matching skills is of the greatest importance to the success and competitiveness of manufacturing in Europe.

I am therefore delighted to chair and moderate the first Panel this evening on Skills. I am looking forward to an interesting discussion. I will certainly incorporate all important remarks to my report on New Skills Agenda.

Whilst skills mismatch can be a concern, in parallel, what we have to closely look at is the employability of people, in particular of young people.

Are we giving them the right skills? Are we giving them the skills that employers look for? Do we combine enough theoretical skills with practical ones? Are we giving them the opportunity to learn, for example, how to set up and run their own businesses, how to be an entrepreneur? Or do we make enough effort to attract them to technological and scientific fields of education?

How can we anticipate future skills if we don't listen to businesses, industries and all relevant stakeholders? For me, closer cooperation between business/industry/science and education is one of the key tools for providing learners with new skills and competences for the labour market.

It is unacceptable to design new education framework without asking and cooperating with those who employ young people!

Every policy must be based on evidence from practice. Decision-makers need data to design policy, and not the other way around!

We have to enhance the employability of young people via practical experiences, access to workplaces and meeting their future employers. Also to encourage them to learn more languages which can help them to perform jobs across the borders and boost mobility to respond to skills shortage.

There are many successful examples – dual learning/VET programmes...Let's share best practices! It is only through deep cooperation between different stakeholders that we can respond to the current and future labour market needs.



PANEL DISCUSSION – SKILLS

Question 1

Ms Ester Lynch, Confederation Secretary for ETUC “education needs to be matched to the labour market and it is too expensive. Unpredictable working hours make education very difficult to do while working”.

Question 2

Tim Thomas, Director of Employment & Skills Policy from EEF, the Manufacturers’ Organisation “Manufacturers pay to train throughout Europe. However, there are many barriers to moving people from country to country for training, this needs to change”.

Question 3

Uwe Combüchen, Director General of CEEMET “there are many EU initiatives on skills and where does the Commission see synergies in these initiatives” ?



Michel SERVOZ, Director General, DG Employment, European Commission

Upskilling Pathways

The, probably misleading, notion of a “skills guarantee” as has been originally devised by the European Commission was just changed to “upskilling pathways”. The responsibility in the area of education and training and VET lies with the Member States. It is therefore up to the Member states to make changes to their education systems, as appropriate supported by the Commission.

EQF

Mr Servoz believes that we need to make sure qualifications are comparable between Member States so as to allow mobility of workers.

Future Skills

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Transversal skills are key and workers must be given the possibility to be able to move from one job to another and to adapt to new employment.

Question 1 :

Mr Servoz agrees and says that there is a lack of coordination between systems and the labour market.

Question 2 :

Mr Servoz agrees and implies that there is more to do than Erasmus and that there is currently a pilot project on the mobility of apprentices.

Question 3 :

Mr Servoz replies that VET is not seen as an attractive option and that this needs to change.



Georgi PIRINSKI, Member of the European Parliament

Speaking points:

MEP Georgi Pirinski feels that the best way to achieve productivity and competitiveness is by raising the percentage of those workers who at the end of the day feel that they've done a good job – that is through job satisfaction rather than job fragmentation and precariousness - considering the steadily falling rate of those leaving work with that feeling of a job well done.

« I do believe that frustration comes from not being heard regarding legitimate concerns as well as constructive suggestions. Hence – Collective Bargaining as the required remedy ».

Upskilling Pathways

MEP Pirinski informs us that in Bulgaria, they have a voucher system for all citizens to upskill.

EQF

MEP Pirinski believes that we need a flexible skills makeup for citizens, languages and IT skills.



Future Skills

MEP Pirinski considers that « skills » is also to learn new tasks, interpersonal skills and the skill to enjoy yourself when you are working.

Question 1 :

MEP Pirinski believes that the introduction of a Social Pillar will make the company more competitive.

Question 3 :

MEP Pirinski questions how many workers feel they have done a good job at the end of the day? The number of workers that do is dropping and better working conditions could certainly help in this area.



Stefano SERRA, CEO Teseo SpA Iemessy Italy & President ITS Aerospazio / Meccatronica

Upskilling paths

Mr Serra recognises that Competitive and sustainable industry needs its people and that the only difference between industry 3.0 and 4.0 is the lack of growth in the economy.

EQF

Mr Serra believes that the EQF could be useful but it could also be useless as the selection by companies is done by CV, testing and the type of people applying for the job.

Future Skills

Mr Serra sees future skills to lie within Science, Maths, Languages and lean manufacturing

Question 3 :

Mr Serra replied that we needed to reactivate growth for companies, and people. Lifecycles of knowledge have shortened. Jobs are changing very quickly.



Mervi KARIKORPI, Deputy Director of Industrial Policy, Technology Industries of Finland

Upskilling Pathways

Mrs Mervi believes that lifelong learning is a shared responsibility and that we need to invest in flexible learning pathways.

EQF

Mrs Mervi considers that EQF needs to be more related to learning outcomes. Both the EQF and NQFs need to have flexible structures so that new qualifications can be added quickly should they be needed. It is more beneficial for educational institutions than companies.

Future Skills

Mrs Mervi defines future skills as the capability to add value to what you are doing. Working within a team, design and STEM skills are key competences and skills to cope with challenges of digitalisation.

Question 1:

Mrs Mervi replied that we have positive experiences at CEEMET by trying to match skills and the labour market at secondary level and VET.

Question 3:

Mrs Mervi response was that Digital capabilities of the private and public stakeholders need to be increased as does investment in research and training. We need to encourage learning 4.0 and lifelong learning.

CONCLUSION:

Having the right skills, requested on the labour market, is the best insurance against unemployment. Getting upskilled and maintaining the right skills is a shared responsibility.



2.WORK ORGANISATION

► Introduction



Anthea McIntyre, Member of the European Parliament

Good evening ladies and gentlemen. Like Martina I came to this Parliament with experience of the business environment as well as politics. My particular interest has been in small and medium sized companies.

I am Conservative Employment Spokesman and am the ECR Co-ordinator on the Employment & Social Affairs Committee in the Parliament. I was also responsible for a recent Parliamentary report on how Europe can contribute to creating a hospitable environment for enterprises, businesses and start-ups to create jobs.

With the prospect of British withdrawal from the EU and the rise of nationalism in several EU countries, my concern is to preserve unity. I have seen discussions on the Posting of Workers Directive divide Europe from East to West, with some exceptions.

My fear is that the Pillar of Social Rights has the potential to further divide Europe, in this case Eurozone from non-Eurozone.

The Social Pillar must respect subsidiarity and only seek to achieve what is acceptable to all Member States.

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Lowri EVANS, Director General DG Grow, European Commission

The quality of our workforce is clearly a key competitive advantage in the increasing global race for talent. This is a core issue for industrial policy which cannot be left only to the supply side. And we have still not sufficiently understood the urgency to act and the scale of the efforts required.

A new major industrial paradigm is emerging as enterprises experience a new wave of disruptive technological change¹. Technology is a key enabler of innovation. But innovation comes from the creativity and the skills of individuals.

New skills and working methods are required from staff, management and leadership functions. Lack of skills creates a bottleneck for investment. In particular, investment in digital technologies offers the opportunity to re-shore manufacturing in Europe. Workers need to find a place in smart factories where they can use best their skills. We need to ensure that both the workforce and the workplace are fit for the future.

Better anticipation and adaptation are key for workplace improvement, more and better jobs.

A highly-skilled workforce is the engine of our economies. People with higher qualifications are more productive, receive higher wages and are less likely to be unemployed. According to CEDEFOP, opportunities will grow for highly-skilled people (+21%), while stagnating for medium-skill levels and declining strongly for the low-skilled (-17%). In addition, depending on the country and the occupation, 25 to 45% of jobs are subject to automation.

Europe clearly needs to upskill urgently its workforce.

Our education and training systems need to adopt flexible and personalised approaches based on e-learning tools. These provide new opportunities for people in search of additional qualifications.

There is evidence of significant mismatches between employees' and jobseekers' skills and business needs across Europe. This is a misallocation of resources, a loss of investment in education and insufficient level of mobility across Europe.

The occupations for which there is a critical shortage in the EU are those building on science,

¹ A 2014 survey of German business leaders highlighted the areas where support is needed for Industry 4.0. Top concerns are education and training of personnel (for 32% of respondents), international standardisation (30%), competitive laws on data protection (28%) and tax incentives for investments (27%). www.strategyand.pwc.com/reports/industry-4-0

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technology, engineering and mathematics disciplines (STEM). In particular, the shortage of IT professionals may still reach around 700,000 in 2020. It is also estimated² that there will be a gap of up to 250,000 e-leaders. The digital literacy of the workforce is not sufficiently developed.

New EU initiatives

The Commission has presented last June a Blueprint for Sectoral Cooperation on Skills. It is a new strategic approach for cooperation on skills between key stakeholders in a given economic sector. It will help mobilise and coordinate key players, encourage private investment and promote more strategic use of relevant EU and national funding instruments. It will give us a better idea of the needs from industry and of what is scalable. This is particularly important for SMEs as we need to better aggregate demand and to focus on sectors and supply chains.

Sectoral skills partnerships³ will be set up at EU level and then rolled out at national or regional level. They will be piloted next year in six sectors: automotive, defence, space, maritime technologies, textile-clothing-leather-footwear and tourism. Construction, steel, health, green technologies and renewable energies would join in a second wave.

We also need to better coordinate the efforts of all relevant stakeholders and level of intervention and support. We should have a better sense of place to maximise the impact of our policies and of our funding instruments. In particular more needs to be done to reach enterprises at local and regional level as smart specialisation requires targeted support and action.

The Commission has recently adopted a Communication on start-ups and scale-ups. While the situation of start-ups has considerably improved we need now to better address the needs of scale-ups. Scale remains a big issue.

The Commission will also launch a Digital Skills and Jobs Coalition⁴ on 1 December 2016. The initiative seeks to develop a large digital talent pool and ensure that individuals and the labour force in Europe are equipped with adequate digital skills. Member States have been invited to develop national digital skills strategies by mid-2017. They have been asked to work with existing national digital skills coalitions or establish them where they do not exist.

² Empirica, 2015: www.eskills-lead.eu

³ This includes developing sectoral strategies for the next 5-10 years, identifying skills needs and developing solutions (such as joint development of higher VET opportunities and business-education-research partnerships; and supporting agreements on the recognition of sectoral qualifications and certifications) etc.

⁴ The Grand Coalition for Digital Jobs was launched in 2013 and our e-Skills for Jobs campaign mobilised Digital Champions and e-Skills Ambassadors and 450 stakeholders. Over 5.500 events were organised in 30 countries with 3.4 million participants.



PANEL DISCUSSION – WORK ORGANISATION

Question 1

MEP Anthea McIntyre “changing the world of work entails a need for flexibility. Challenges are best answered on company level. How does this match with the recent EU initiatives, especially the European Pillar of Social Rights”?

Question 2

MEP Anthea McIntyre “the first preliminary outline of a European Pillar of Social Rights is set to anchor workers’ rights when it comes to work organisation, but carves out Members States’ competences and the role of social partners, and leaves out the needs of companies”.

Question 3

Uwe Combüchen “ 95% of SMEs do not have a strategy for digitisation. What can European Commission do to set good practices, for SMEs”?

Question 4

Kees Terwan – Social Attaché Permanent Representaion of Netherlands ot the EU “Do we need a European Pillar of Social rights? What do we expect of such a Pillar? Is it a nice sounding black box or is it a collective of EU policies with desirable social effects”?

Question 5

Maxime Cuerutti from Business Europe “we need to check what is best for a social dialogue. Social dialogue and competitiviteveness according to Commissioner Thyssen, countries that are best performing on social dialogue are best performing on competitiveness as well”

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Jens BUNDVAD, General Secretary of Nordic-In, Industri'All, European Trade Union

Question 1

Mr Bundvad replies that flexicurity is the motivation to accept restructuring and changes. When leaving job security, to be able to find a new job is needed.

Question 2

Mr Bundvad is worried about loss of companies that do not modernise, which is the real risk for employment and jobs.
Modern manufacturing is also needed for smaller companies.

Question 3

Social systems are organised in different ways within the EU. There is a need to get a new job, not unemployment benefits. Security in unemployability is needed. Smaller companies need to get on board.
Investment and Finance are a key matter. The problems SMEs encounter is getting a loan. The access to Finance if a problem.

Question 4

EU Policy encroached on Member States' policies in terms of social rights, e.g. through benchmarking and budget exercise. There is a need to ensure the right of workers, best regulation by collective agreements and social partners.

Question 5

Responsible social partners at all levels are key for finding solutions. Splitting EU in a Eurozone and a non-Eurozone is a problem.

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Jarkko RUOHONIEMI, Head of Collective Bargaining, Technology Industries of Finland & Chair of CEEMET's Industirla & Employee Relations Committee

Question 1 :

Mr Ruuhoniemi agrees to the fact that flexibility and investment are needed. Less regulation at EU level too. There are too many layers of regulations (EU legislation, national legislation and collective bargaining agreements) which limit flexibility. Initiatives at EU level should allow companies to create more opportunities.

Question 2 :

We already have social rights at national and at a European level. Jobs are needed to secure employees' rights.

Question 3 :

As for SMEs, the digital world gives great opportunities for SMEs : new business models, new tools, but also a new demand for skills
The process of digitalisation should be made easier for SMEs.
Uber was given as example earlier, in Estonia, there is an agreement with Uber and national initiatives to deal with issues. It is not possible to regulate this at EU level. A Social Europe was created at national level mainly and the EU is already Social.
How can growth of SMEs be speeded up ? We need to find a way to speed up the process for SMEs.

Question 4 :

Mr Ruuhoniemi is not convinced that we need a European Pillar of Social rights.

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Question 5 :

In Finland, there is a loss of competitiveness even though there is a strong social dialogue. Is this despite or due to social dialogue? A real connection is more important than just a formal social dialogue.



Georgi PIRINSKI, Member of the European Parliament

Question 1 :

MEP Pirinski believes that there are different situations in different parts of Europe. There is a need for Social pillar that combines greater competitiveness with greater social aspects throughout the EU.

Question 2 :

Competitive companies provide decent jobs. In the EU, there is hardly an environment that creates decent jobs but more precarious work. A European Pillar of Social Rights should be a pillar of competitiveness in social market economy.

Question 3 :

Concerning the Uber example, aggregation is aggregating across boundaries. The Uber challenge can cause disaggregation for other companies. A Trans-EU discipline is needed.

Question 4 :

A European Pillar of Social Rights has to complete EMU. The Social market model has been crumbling. We must compete on innovation, on productivity, etc., but not on wages.

Question 5 :

MEP Pirinski believes that the people/workers who are satisfied with their work are more productive. If they are not satisfied, it is due to a lack of connection between the worker and the company.

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Lowri EVANS, Director General of DG GROW, European Commission

Question 1 :

MS Evans's response to MEP McIntyre's first question is that the Safety net dimension exists to help people into work. As for the financial side, companies need finances to make important investments. Hence, it is important to get the financial market to work.

Question 2 :

The concept of organising / regulating where makes sense of what companies want at a regional level.

Question 3 :

Regional policies for SMEs are underused. These are seen as a cohesion policy but can also be active industry policies.

We need a good track record for start-ups. Start-ups who want to grow go to the US because it is easier to scale up in the US.

The reasons are due to a non-functioning single market in Europe and a disproportionate amount of national rules, as well as finance. It is impossible to get a 4th or 5th round of financial funding in the EU. Therefore, companies relocate to the US.

Question 4 :

To this question, Ms Evans responds by saying that competitiveness is needed but not in isolation of people. There is a distributional effects of policies.

Question 5 :

Ms Evans agrees with Commissioner Thyssen.



CONCLUDING REMARKS



Antony FELL, Secretary General, European Forum for Manufacturing

We wish to thank most warmly MEP Martina Dlabajová and MEP Anthea McIntyre both for their excellent chairmanship and for the time they devoted to this meeting. A warm thank you goes to DG Michel Servoz and DG Lowri Evans from the European Commission for their attendance with us tonight.

We would also like to thank CEEMET for the sponsorship of the evening as well as MEP Georgi Pirinski and the panellists who have respectively contributed to tonight's discussion.

The next European Forum for Manufacturing Roundtable & Dinner Debate will be on **"Finance for Growth"**.

This will take place in the European Parliament on **Tuesday 31 January from 18h00 to 22h00**.

The debate will be chaired by Michael THEURER MEP as it is jointly organised with AFME, the Association for Financial Markets in Europe.

We have invited Valdis DOMBROVSKIS, Vice President for the Euro & Social Dialogue, also in charge of Financial Stability, Financial Services and Capital Markets Union. The Roundtable will bring together MEPs, senior Commission staff and other official sector stakeholders with senior representatives from EU manufacturing companies, the banking and financial services community

We will be looking at the Extension of the European Fund for Strategic Investment and the shortage of risk capital for SMEs and job creation.

We look forward to a rich and stimulating discussion on important topics, at a time when the need to encourage more growth on the EU economy has never been more important.

To register, please contact my colleague Chloé Matagne at cmatagne@euromanuforum.com and for more information about this event.

Thank you again to all for your presence and for tonight's very instructive discussion.