

How to maintain and improve EU Industrial Competitiveness

A Reality Check with the Nickel and the Surface Engineering Industrial Value Chain



On Wednesday, 1st June 2016 Ashley Fox MEP hosted a breakfast briefing in the European Parliament on ***“How to maintain and improve EU Industrial competitiveness – a reality check with the nickel and the surface engineering industrial value chain”***. The event gathered the interest of stakeholders from the European Commission, European Parliament, EU Permanent Representations and Missions of third countries to the EU as well as industry representatives.

Ashley FOX, Member of the European Parliament Committee on Industry, Research and Energy representing the South West England & Gibraltar for the Conservative Party welcomed the participants and underlined the importance of surface engineering and nickel-related industries in his constituency. Mr. Fox also emphasized the fact that small and medium-sized enterprises (SMEs) are the backbone of the European economy and they play a key role in creation of jobs and innovation in various sectors. Furthermore, the MEP argued that there is the need to check any existing and new legislation against the impact these might have in the real economy. He then invited the panel of speakers and especially the representatives from the EU



Institutions to reflect on the approach to be followed to improve the situation for industry.

Eric MAMER, Director for Competitiveness and European Semester, DG for Internal Market, Industry and Entrepreneurship acknowledged that millions of industry jobs have been lost and the share of industry has decreased in the last years. He stressed that the declining trend for the industry and manufacturing had already taken place before the crisis. On the other hand, he stressed that the EU has been carrying out actions to increase productivity and to increase investment through the Juncker Plan, H2020 and COSME for SMEs, among other actions.

Mr. Mamer then referred to the opportunities and constraints for the nickel and the surface engineering industrial value chain:



a) “Environmental, health and safety constraints are here to stay and part of our common business environment. We have to take into account the needs of industry without watering down the environmental and health concerns” he stated. DG GROW is concerned by the cumulative costs of the EU legislation and recognises the complexity of the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) legislation. In this context, he mentioned that the REFIT review is planned to be delivered by 2017.

b) The EU legislative process has the right mind-set which requires cooperation from the industry which is not always easy. Each industry and industrial process varies greatly and the Commission needs to assess all of the needs, challenges and solutions, this is not a simple task. Furthermore, as regards the EU legislation and better regulation he noted that “we need to calibrate our intentions so as not to kill the patient”. To this end, the DG GROW has been calling for “competitiveness mainstreaming” to be taken into account for all initiatives. The circular economy package is a great example of how constraints could be turned into opportunities.

c) A major element of EU policy deals with recommending appropriate structural reforms to Member States that will boost competitiveness.

d) The international dimension should be taken into account as inevitably the EU industry faces stiff foreign competition. In recent months the EU reacted to the overcapacity issues in the steel industry for example, which could affect the future of whole industrial value chains, with anti-dumping measures in 36 steel cases.

Tomas KAKULA, Head of Internal Market and Industry Unit, Permanent Representation of the Slovak Republic to the EU admitted that the EU is facing challenges and acknowledged the inputs from the European Parliament and the European Commission. Mr. Kakula then addressed the priorities of the incoming Slovakia Presidency of the EU in the 2nd semester of 2016 in the field of industrial policy:



a) Slovakia has set as its priority the modernisation and digitalisation of industry or what is called recently “smart industry”. The Presidency will also focus on skills and investments in this respect and will hold an Informal meeting of Ministers responsible for competitiveness on smart industry in Bratislava in July.

b) The Presidency considers as its biggest challenge to “find the magic formula” for the industrial competitiveness mainstreaming. The Competitiveness Council will be the place to review the files that might have an impact on the industrial competitiveness.

c) A challenge of the Presidency is also the energy intensive industries. The Slovak EU Presidency will organise an Informal meeting of energy Ministers on the topic of energy prices in Bratislava in July.

Veronique STEUKERS, Director for Health & Environment Public Policy at the Nickel Institute stressed that “given the challenges that the EU is currently facing - such as the economic and refugee crisis, the Brexit and grow of nationalism in many member states – we need right and balanced decisions in the EU”. Ms. Steukers gave an overview of the nickel industry and its essential role in many value chains from stainless steel and specialty alloys over surface engineering.

Ms. Steukers clarified that industry supports the objectives of policy makers in relation to climate, environment, health and consumer safety but it is important to build legislation consistently on clear rules that ensure predictability and planning security, the basis for industry to further invest into European production sites. And she advocated that “risk and science based approaches and full life cycle thinking should be underlying principles of EU legislation”. She stressed the relevance of the EU Better Regulation Agenda in this context, ensuring not less, but more efficient and consistent, predictable legislation that is in line with the principles mentioned above.



Dave ELLIOTT, President of the European Committee for Surface Treatment (CETS) and Chief Executive of the Surface Engineering Association which is a UK based organisation founded in 1887 representing some 500 SMEs in the UK pointed out that the application of nickel and surface engineering is vital to the success of almost every commercial and industrial product: mobile phones, electronics, aero engines and surgical implants etc. He asserted the challenges of SMEs to comply with the EU legislation and encouraged the European Commission to consult industry before drafting any new legislation or designing a support package or new incentive to boost growth. He added “speak to us and see what we think. We understand our sector – we know what works and what doesn’t.”



Mr. Elliott then called for the creation of better conditions for businesses in order to ensure their competitiveness in the global market and certainty which comes with proportionate and fit for purpose legislation. He introduced the discussion on the REACH legislation and he argued that it prevents investment, creates uncertainty and encourages companies to move manufacturing outside of the EU. Furthermore, he strongly believes that that the costs of REACH are higher than the alleged benefits presented in the recent [ECHA report](#) and that authorisation should be the very last resort when there are no other risk management measures.

MEP Fox facilitated the debate by asking the attendants to raise questions to the speakers. The debate continued with a statement from **Rene SCHROEDER, EU Affairs Manager from Eurobat, the European Manufacturers of Storage Batteries Association** who confirmed the impact of REACH on the automotive and industrial technologies and explained that in the case of batteries substances are being used in the production and end of life stage, thus, posing no threat for the consumer's health. Consequently, he suggested that "REACH is not necessary as we can control the exposure risk with the occupational health and safety legislation which is already in place".

Likewise **Simon Meirsschaut, Technical Coordinator in the European Association for Surface Treatment on Aluminium** described the situation in his industry as a "REACH leakage": companies use very small amounts in the processing of products and they do not have the money or the knowledge to comply with REACH, as a result they are willing to move that part of the processing outside the EU.

The breakfast briefing allowed for the speakers to briefly reply to some of the comments and questions from the audience. **Ms. Steukers** from the Nickel Institute reacted to the above statements and indicated that the Authorisation part of REACH looks at the hazard profile of substances rather than risks. Nevertheless, when it comes to metals the choice becomes smaller and smaller as these cannot be replaced or re-invented additionally most metals are being used in a controlled work environment. Consequently, there is the need for an alignment between the REACH Authorisation and the work place legislation.

Mr. Mamer representing DG GROW and the views of the European Commission reaffirmed that DG GROW is indeed open for discussion but that "there is not one perfect answer. We need to be realistic as regards what we need to achieve in every step of the process". He contended that the European Commission has to look into many different industries and that often the final legislation is more complicated than expected. In his view there is room for improvement through continuous dialogue.

The 'continuous dialogue' Mr. Mamer mentioned was also highlighted by the MEP who welcomed the organisation of such events which foster discussion and better understanding amongst the key stakeholders in a positive and constructive manner. In conclusion, the MEP thanked all the speakers and participants for their interest and commitment to maintaining and improving EU Industrial Competitiveness.