

***Joint Confindustria and Lewiatan voice on the the way forward for
sustainable growth and competitiveness in Europe***

Milan, 16-17 July 2015

Europe finds itself in a very delicate and difficult moment. The general political and economic context are reasons for concern. Most recently, the Greek crisis on one side and the ‘immigration emergency’ on the other have further shaken the image of European Union and put the integration project under significant pressure. A renewed common vision should rapidly be found to lay down ground rules for an enhanced European Union.

The tough times we have been going through over the last five years are not over yet. Economic and financial crisis has brought European economy into a severe recession. Over the last six months, supported by lower oil prices, a weaker EUR exchange rate and the ECB policy action, Europe's economic growth prospects have slightly improved, although the recovery still remains fragile and much slower than in other parts of the world.

Taking into account strong economic relations between Italy and Poland and similarities characterizing their respective industrial systems, on the occasion of the bilateral meeting held in Milan on the 16-17 July 2015 at the presence of the governmental representatives of both countries, Confindustria and Lewiatan have shared their views on common problems and discussed how to address the need for a sustainable growth, focusing on some of the most relevant EU initiatives affecting the Polish and Italian competitiveness.

On the basis of this exchange, Lewiatan and Confindustria call on the European institutions to put growth and industrial competitiveness at the heart of their political agenda to ensure a stronger recovery over the long-term.

The push for growth and jobs appears as the top priority of the Juncker’s Commission which has highlighted the key role that a strong and robust industrial base plays for the European economy. In a letter addressed to the Council Ministers at the end of June, Elżbieta Bieńkowska – Commissioner for Internal Market, Industry, Entrepreneurship and SMEs – has clearly stated the intention to promote a new approach to industrial competitiveness and to support the ‘industrial heritage’ of Europe by : 1) facilitating companies' integration into the Single Market and into global value chains; 2) fostering the modernisation of the EU industry through digitalisation and adoption of new cutting-edge technologies ; 3) ensuring business-friendly environment.

In this sense, the Commissioner has underlined that all the main initiatives of the European Commission are supportive of this approach : the European Fund for Strategic Investments, the Energy Union package, the Capital Markets Union, the Digital Single Market strategy and, last but not least, the Internal Market Strategy expected this autumn.

Confindustria and Lewiatan fully share this open and integrated approach to industry and appreciate the effort made in bringing together different initiatives introduced by the European Commission and clustering them around a single objective: developing competitive industrial base that boosts growth in Europe.

In the coming months, this effort must be adequately supported in order for companies to rely on a coherent strategy, able to increase industry's share of European GDP to 20 % by 2020, ensure effective mainstreaming of industrial competitiveness in every relevant policy area and covering every industrial sector.

As far as some of the above mentioned initiatives of the Commission are concerned, Lewiatan and Confindustria share the following views:

Promoting a more favourable investments environment is key to competitiveness. The Juncker's Investment Plan represents the first response to an urgent need of making Europe an attractive place to invest. The recent agreement on the European Fund for Strategic Investment (EFSI) is an important step forward that will allow important projects in research and innovation, infrastructure, SMEs and mid-caps to materialize. Now it is urgent to open discussion involving all the relevant actors, including the business community, in order to catch the opportunities deriving from the Plan and to define priorities, fields of intervention and investment platforms to be supported to promote growth and competitiveness.

For companies it is crucial to remove investment barriers. This means reducing unnecessary and overly expensive regulation, bringing down costs of doing business, including high taxation, allowing better access to finance through balanced regulation and expanding non-bank financing sources, and scrapping barriers to the single market.

Industry digitalisation plays an important role and will have a long-lasting impact on EU competitiveness. The so called *Industry 4.0* characterized by a stronger integration of data, materials, industrial production and usually realised within a framework of value chains represent a significant challenge. Lewiatan and Confindustria welcome the Digital Single Market strategy as a fully working digital single market will allow businesses to increase scale and target more consumers. The implementation of the strategy is now essential to accelerate, in particular, the digital transformation of traditional manufacturing enterprises, especially SMEs, which will need adequate assistance to embrace huge opportunities offered by the market as well as to benefit from access the new European and global value chains.

The Energy Union strategy has the potential to become a useful instrument which can help to overcome major problems affecting competitiveness of the European industry. Lewiatan and Confindustria consider that reducing the cost of energy, aligning it to that of our global competitors and protecting the EU industry from the economic impacts which are linked to the ambitious emissions reduction commitments, must be among the top priorities in this field.

Finally, Confindustria and Lewiatan have engaged in a joint reflection on the issue of origin-marking in order to unblock negotiations on the package on product safety and market surveillance currently ongoing at EU level.

The issue of origin marking has been in the center of the debate on the consumer product package. Since opinions on the Article 7 of the proposal for a regulation on consumer product safety differ significantly, we believe that it is important to look for a solution that will be beneficial for all sectors of the European Union economy .

Such a solution, in our view, should be based on the following pillars:

1. Limited sectoral application: origin marking - as envisaged by the Commission- should be limited to chosen sectors for which origin marking proves beneficial at the European level.
This could apply to sectors which compete with goods from third countries – such as Footwear, Ceramics, Textile, Furniture and Jewellery.
In this case ‘made in’ could be a competitive advantage for them and could give consumers important information on the expected quality and standards of the product.
At the same time, ‘made in’ should not be imposed with regard to sectors where the detailed regulatory provisions and standards related to products safety, labeling and traceability are guaranteed by the EU legislation. In those cases, the EU law often provides for rules on marking which are adopted to the specificity of the production process and the products itself. Legislation also ensures that relevant information requirements towards consumers are met. This is the case of for example cosmetic sector, which in our opinion, should not be covered by any additional origin marking provisions.
2. Application for a limited period of time: idea would be to assess the effectiveness of the provision for the sectors identified after some years by including a ‘review clause’. The work of market surveillance authorities will be key to ensure proper enforcement of the regulation.
3. Introduction of ‘origin marking’ should respect principles of better regulation, and take into account the results of the study issued by the European Commission on the 6 May 2015.

Confindustria and Lewiatan therefore urge Member States and the Commission to continue negotiations on this legislative package and to reach a positive outcome in a spirit of compromise in line with the suggestions presented above.



During the last 20 years, the Polish-Italian economic and business cooperation has gradually developed and increased. According to the report by KPMG in Poland 'Towards Development: Polish-Italian Economic and Business Cooperation' presented at the Conference organised by the Polish Ministry of Economy in Warsaw in June and the bilateral meeting in Milan in July, Italy is an important economic, trading and business partner for Poland where more than 1 300 companies with the Italian capital, employing around 90 000 people, are operating. On the basis of the already existing positive economic relations between Poland and Italy, Confindustria and Lewiatan have exchanged views about promising new areas of cooperation and discussed conditions required to further consolidate these relations, support new partnerships and make Italy and Poland an attractive place for investors from both countries.

Firmly convinced about the value of close collaboration and development of common strategies, Lewiatan and Confindustria look forward to actively contribute – in close dialogue with the governments and the EU institutions – to the debate which, in the future, will lead to the adoption of the concrete initiatives to secure a strong and high performing industry and to increase European competitiveness.

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