



EUROPE 2030

The position of the Federation of Austrian Industries
on the future of the European Union



www.iv.at



IMPRINT

Federation of Austrian Industries
Schwarzenbergplatz 4, 1031 Vienna, Austria
Phone: +43 1 711 35 - 0
newsroom@iv.at, www.iv.at

zvr.: 806801248, livr-n.: 00160, EU Transparency Register No.: 89093924456-06
Purpose of the association according to § 2 statutes: The Federation of Austrian Industries (IV) aims to combine industrial enterprises active in Austria and enterprises related to industry as well as their owners and leaders in a free and democratic manner, to represent and defend their interests, particularly in professional, operational and economic terms on a national, European and international level, to promote industrial development, to secure the framework conditions for the continued existence and freedom of choice of entrepreneurship and to promote understanding for issues relating to the economic and social order.
The terms used refer equally to all sexes.

Responsible for the content: Federation of Austrian Industries
Photo credit: gettyimages
Graphics: Petra Matovic

Vienna, April 2019



SHAPE EUROPE TOGETHER

Peace, freedom and democracy are the founding visions of the European Union (EU), to never have to relive the bloody conflicts of the past. Great achievements, such as the creation of the European Single Market in 1993, the introduction of the Euro in 1999 or the Treaty of Lisbon in 2009, have brought Europe together and given the EU more sovereignty in various policy areas.

Today, Europe stands for prosperity, fundamental democratic rights and its four freedoms (free movement of persons, goods, services and capital). The European single market, the common currency, the Schengen Agreement and consistently high quality standards have brought great benefits to citizens and businesses. Nowadays, it is hard to imagine life without economic, institutional and social networks. These achievements must be preserved for the future. Europe must continue to develop in order to secure its existence:

The world order of the last 70 years is undergoing radical change and will in future be determined by an increasingly multipolar, global power structure. Europe must effectively counter geopolitical tensions; including, in part, in the EU's neighbourhood. Global challenges – such as maintaining industrial competitiveness, digitisation, migration or a low carbon economy – call for pan-European efforts. A lack of solidarity between

member states, lengthy decision-making processes, overregulation, burgeoning nationalism and populism, as well as inadequate economic reforms have created a fragmented Europe. The European Union must demonstrate its full ability to act.

Economic and political crises as well as often hesitant and ineffective responses have led to radicalisation in the European political landscape and among parts of society. Some see Europe as part of the problem rather than part of the solution. There is no meaningful narrative for the values and goals that Europe stands for. Those who want to weaken or even destroy the unity of Europe have therefore become very popular. Brexit is in part an expression of the EU's crisis of legitimacy. The year 2019, with the election of the European Parliament and the appointment of a new European Commission, is a year of direction for Europe. It is about determining which course the European Union will take until 2030. The Federation of Austrian Industries calls for the European year 2019 to be used to fight for a strong, competitive, open and sustainable Europe 2030. This includes re/creating pan-European awareness and convincing people of the European idea. Because we can only succeed in shaping the future successfully if we do so together..



Mag. Georg Kapsch
Präsident



Mag. Christoph Neumayer
Generalsekretär

A STRONG EUROPE 2030

In 2030, a strong Europe should be at the centre of a multilateral order based on cooperation. The EU must take the lead on global issues and represent all its member states.

IMPROVE INTERNAL ABILITY TO ACT

In accordance with the principle of subsidiarity, legislation should be as close to the citizen as possible. Major issues such as migration, external security, international trade, climate change, etc. require European solutions. European institutions must be able to ensure a fully operational EU. Improved efficiency and institutional cooperation as well as limiting the unanimity principle to particularly sensitive matters (e.g. tax and social policy) are necessary. The EU Commission's course towards better regulation, deregulation, debureaucratisation and evaluation of existing laws must be pursued further.

THE MOST IMPORTANT MEASURES

- The basic principle of a qualified majority should speed up decision-making processes and the principle of unanimity should only be applied to particularly sensitive areas such as tax and social policy.
- The institutional regime should be simplified and the European Parliament should have its only seat in Brussels.
- The European Economic and Social Committee (EESC) and the Committee of the Regions (CoR) should become smaller advisory chambers of the European Parliament.
- The European Commission should be streamlined based on a rotation system (as provided for in the Treaty on European Union) and the number of Commissioners limited to 2/3 of the member states.
- The REFIT programme (the European Commission's regulatory fitness and performance programme) should be strengthened.

A **STRONG** EUROPE 2030



DEVELOP A POWERFUL EUROPEAN TRADE POLICY

The EU must defend its interests in trade and economic policy by developing and strengthening bilateral economic relations. Europe's industry needs secure access to international markets – and a level playing field – to remain competitive. This applies in particular to relations with the USA and China. This means improved access to public procurement markets and private investments. The EU needs effective instruments to protect its industry from unfair practices. The practicability of European state aid and competition law must therefore be reviewed.

THE MOST IMPORTANT MEASURES

- A modern economic agreement with the USA and a comprehensive investment agreement with China must be concluded. Bilateral and interregional agreements with growth markets such as ASEAN (Association of Southeast Asian Nations), Africa or Latin America are also necessary.
- The EU must be able to assert its economic sovereignty through effective trade defence instruments and investment controls as well as an enhanced international role for the euro.
- World Trade Organization (WTO) rules must meet modern requirements. Functioning dispute settlement mechanisms and clear rules on state subsidies, forced technology transfer and digital commerce are needed.

STRENGTHEN THE EU'S FOREIGN AND SECURITY POLICY

Geopolitical tensions and transnational threats such as cyberattacks that no member state can counter alone call for a defence union. A joint strategy for defence and strategic cooperation could also lead to synergies in research, development and production and a boost in technology, thus defining new priorities in foreign and security policy. European diplomacy, however, remains the most valuable tool of EU foreign policy and international conflict resolution, as the negotiations on the Iran deal have made clear.

It is in Europe's economic and security interest to further deepen its partnership with neighbouring states and regions. Additional technical and economic cooperation, especially on the African continent, is just as important as constructive cooperation with Russia. Initiatives to eliminate the causes of forced migration from Africa must be strengthened. EU enlargement for countries that fulfil all criteria for accession must remain a clear prospect for the countries of the Western Balkans.

THE MOST IMPORTANT MEASURES

- In the interest of targeted development cooperation, intensive economic partnerships with individual countries and regions of Africa are necessary.
- The creation of a common European army – including coordination of the arms industry – is essential for rapid and effective crisis management. The office of the "High Representative of the European Union for Foreign Affairs and Security Policy" needs greater diplomatic freedom. The EEAS (European External Action Service) must be the central coordinating body for the EU's external action.

A COMPETITIVE EUROPE 2030

By 2030, Europe should be the most competitive region in the world. This requires a functioning domestic market and suitable framework conditions to survive in international competition. The focus must be on completing the single market and deepening the economic and monetary union, on an ambitious industrial policy and a clear commitment to the four fundamental freedoms.



EXPAND AND DEEPEN THE SINGLE MARKET WITHOUT BARRIERS

The single market is the foundation of Europe's prosperity. There is, however, potential for improvement, particularly in the service sector, data traffic, the energy market, the labour market and the capital markets union, which must be exploited by 2030. Lack of economic integration is estimated to lead to a loss of economic performance of as much as EUR 651 billion to EUR 1.1 trillion. At the same time, it is necessary to restore the balance in economic legislative initiatives. The needs of businesses must be put on an equal footing with other interests.

¹European Parliament Research Service (2014)

THE MOST IMPORTANT MEASURES

- An EU-wide mechanism for investment protection should be established to support existing intra-European investments and promote additional investments.
- Cross-border services require the removal and prevention of bureaucratic hurdles.

IMPLEMENT AN ACTIVE INDUSTRIAL POLICY

The manufacturing industry in Europe is responsible for more than 52 million jobs and 66.6 per cent of investments in research and development. A modern industrial policy must take this into account and focus on promoting industry's international competitiveness until 2030 – on an equal footing with the goals of environmental and consumer protection. This requires clear targets and concrete benchmarks to continuously monitor progress until 2030.

THE MOST IMPORTANT MEASURES

- A European industrial strategy 2030 must focus on strengthening Europe's global competitiveness.
- Investment in research and innovation, the development of key technologies and industrial mainstreaming must be part of the industrial strategy.
- Progress towards these industrial objectives should be assessed annually.

²BusinessEurope, 2017 | Building a strong and modern European industry & Eurostat

EXPAND THE EUROPEAN ECONOMIC AND MONETARY UNION

The deepening of the Economic and Monetary Union (EMU) until 2030 is urgent. The goal must be to accelerate economic convergence between the member states of the eurozone. This requires consistent incentives for reform for the member states as well as European instruments to better counteract future economic crises and shocks. Further developing the European Stability Mechanism (ESM) into a European Monetary Fund (EMS) including its own euro line of credit is essential.

Extending the ESM/EMF's powers towards monitoring national budgets is also conceivable.

In order not to jeopardise the success of the common currency, the euro states must consistently follow the rules they have set themselves and take concrete action against infringements. However, a common „euro-zone budget“ or a stabilisation function for investment would not be conducive. This would only exacerbate the problem of „moral hazard“ (those who are not responsible for the consequences of their own actions are usually more reckless).

THE MOST IMPORTANT MEASURES

- The economic and monetary union must be further deepened through the completion of the banking union, the creation of a capital market union and a uniform deposit insurance among others.
- A European Monetary Fund (EMF) must be anchored in the legal framework of the EU – under (parliamentary) control of the EU states.
- Disbursement of cohesion funds within the framework of partnership agreements should be linked to the implementation of country-specific recommendations of the European Semester.

A SUSTAINABLE EUROPE 2030

Technological, demographic and climatic developments present the European Union with new challenges. In order to maintain Europe's high standard of living in the long term and make the Union fit for the future, we must invest in economic, social and environmental sustainability.



STRIVE FOR EUROPEAN TECHNOLOGICAL LEADERSHIP

Europe's technological leadership is an essential component of European competitiveness. Key enabling technologies (KETs) as the basis for rapidly advancing digitisation are an important factor in this process. Leading industrial companies must be closely involved. They are leaders in both the high-tech and mid-tech sector and form the core of the European economy through their close links with small and medium-sized enterprises (SMEs) and science. While the EU has a clear leadership role in social and environmental matters, it is lagging behind North America and Asia in developing new technologies. Of the top 100 technology companies, only 12 are located within the Union. Europe must therefore encourage private and public investment and the provision of capital for new technologies.

THE MOST IMPORTANT MEASURES

- European and national funding for research and development must be increased to create an environment that supports innovation for leading companies and their scientific and SME networks.
- One priority should be the promotion of key technologies and of core and future areas. These should be defined at European level and subject to continuous monitoring and readjustment.
- The expansion of public-private partnerships should promote innovation from the original idea through research and development to implementation with a high level of industrial participation.

IMPLEMENT ENERGY AND CLIMATE POLICY INTERNALLY AND ALIGN GLOBALLY

Climate change is one of the greatest challenges of our time. The EU is currently responsible for about 10 per cent of global greenhouse gas emissions. Thanks to robust framework conditions and technological achievements, the EU can meet its climate target of minus 40 per cent greenhouse gas emissions by 2030 (compared to 1990). However, investments in energy research, the development of storage technologies and the expansion of modern energy infrastructure must be increased. In order to sustainably reduce comparatively high European energy prices, the European internal energy market must also be better integrated. The EU must create globally valid rules and fair competitive conditions through international climate diplomacy. Without global standards, some industries will disappear from Europe. The problem of greenhouse gas emissions would then only be shifted to other regions of the world with less stringent environmental requirements.

THE MOST IMPORTANT MEASURES

- The politically motivated increase in energy costs must be avoided in order to be able to offer more competitive prices.
- Effective protection against carbon leakage is necessary so as not to disadvantage the energy-intensive industry.
- European wholesale electricity markets must be integrated and internal grid bottlenecks eliminated.
- The burden of emissions from imports must be offset by levies if these do not comply with European standards.
- Expenditure on energy research must be significantly increased.
- The emissions certificate system must evolve from a burden on productivity to a burden on products.

A SUSTAINABLE EUROPE 2030

CREATE A DYNAMIC LABOUR MARKET

BY 2030, Europe will be the oldest region in the world, with an average population age of 45 years. Life expectancy is increasing by three months a year and the number of people in employment is steadily declining. This increases the shortage of skilled labour – especially in the field of innovation – and puts pressure on the social systems of individual member states. A European “qualification offensive” in all age groups can remedy this situation. After all, the ability to innovate does not depend on age, but on the quality of education as well as economic and social framework conditions. Establishing a functioning labour market for older people is one of the decisive factors for Europe’s long-term competitiveness. Europe needs a future-oriented, targeted migration strategy to combat the shortage of skilled workers and cope with demographic change. This will provide greater clarity about the quality and quantity of immigration and proactively position Europe on international labour markets. The EU must be able to offer highly qualified specialists from third countries attractive conditions – and also promote their integration. This requires a concrete vision of living together in a pluralistic society.

THE MOST IMPORTANT MEASURES

- School education and vocational training need to be linked more closely and the Erasmus programme for pupils and skilled workers needs to be extended.
- Europe needs more people with scientific and technical qualifications. Appropriate measures range from early support in STEM subjects (science, technology, engineering and mathematics) to the qualified immigration of technical talents from third countries.
- The digital, linguistic and social skills of the European population must be improved. The European Qualifications Framework can be used as a nonbureaucratic tool for assessing competences and qualifications. The European Blue Card should be further developed as a tool for attracting highly qualified individuals from third countries.

POSITIVE EMOTIONS FOR EUROPE



PROMOTE A EUROPEAN IDENTITY

After centuries of conflict and two world wars that devastated the continent and left countless millions dead, most European countries are now facing each other as friends for the first time in history. They live in a Union founded on peace, freedom and democracy. They work, learn and celebrate together across borders. Europe must also bring these historically unprecedented achievements closer to the people. The fact that the member states and their citizens are an integral part of the European Union must be reflected in common understanding, in the sense of a collective awareness that „we are all Europe“.

THE MOST IMPORTANT MEASURES

- A Europe-wide image campaign and joint media productions should communicate a united Europe emotionally and strengthen the European identity.
- National parliaments must be given greater consideration in the European legislative process.
- Direct election of the President of the European Commission can lead to greater participation of citizens in the elections, as can European electoral lists.