S3.2
EU Industry Regulations: Threat or Opportunity
EU Regulations in the news: press-clippings

“The ETS is not adapted anymore. This system will represent for the European sector an additional cost between USD 5 to 10bn.”
Aditya Mittal, ArcelorMittal, Usine Nouvelle October 27, 2015

“We need a fair, competitive level playing field with our global competitors. [The EU] should consider using all the trade tools it has available”
Axel Eggert, director-general of Eurofer, Financial Times November 9, 2015

“A 2017 start date is now more likely than ever. This should be welcomed, as the current ETS system is deeply flawed.”
Fredrick Federley, a Swedish lawmaker, Financial Times January 22, 2015

“It is instead a gift to car manufacturers who have made no effort to meet the EU’s car pollution rules. Governments are not only keeping their heads in the sand with regard to the ongoing car emissions scandal, but are also willing to ignore the major and growing public health problems linked to air pollution.”
One example: public sentiment about TTIP is overall negative

Public sentiment about “TTIP” in % over the last weeks

- Negative: 50%
- Neutral: 3.8%
- Positive: 46.2%

Analysis based on social media and analysed by Talkwalker software
Session plan

1. Panelist’s view-points (40’)

2. Topic-based discussions (20’)
   - Topic 1: Standardization in the EU and at the International level (TTIP etc.)
   - Topic 2: Start-up-Innovation-Regulations in the EU
   - Topic 3: Green regulations in the EU and their concrete implications for the manufacturing industry
   - Topic 4: Better Regulation initiative: what evolutions can we expect from the EU Commission & the impact on Regulation’s costs

3. Q&A (20’)

4. Closing at 17:45

Gilles Poncin, Partner at KPMG Luxembourg
Moderator
EU industry Regulations: a threat or an opportunity

Rene Winkin
Secretary General
Fedil
<table>
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<tr>
<th>Threat</th>
<th>Opportunity</th>
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<td>internal market</td>
<td>if it favours desintegration</td>
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<td>if it leads to a fragmentation of the internal marketing</td>
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<td>competitiveness</td>
<td>if requirements exceed possibilities or in the absence of an international levelplaying field</td>
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<td>if it introduces administrative burden</td>
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Comparing two regulations related to energy efficiency

- Threat
  - internal market
  - cost competitiveness
  - business opportunity
  - admin. burden

- Opportunity
  - Obligation schemes (EED)
  - EU product standards
EU industry Regulations: Opportunities and Threats

Philippe Portalier
Standardisation and Technical Policy Manager
Orgalime
Orgalime: 43 Member associations, 24 countries
130,000 companies, €1,825 billion of annual output, >10.3 million people employed
The Internal Market is Europe’s great achievement
In the engineering sectors = thanks to the ‘New Approach’ to regulatory application, Europe is n°1 on advanced manufacturing worldwide
But until 2012, industry was a ‘dirty’ word for the EU policy maker, supposedly not conducive of investments...
Is EC’s new *Internal Market Strategy* clever?
EU industry Regulations = Threats

- We need supportive framework conditions, not a top-down policy leadership (standards are not an extension of EU policies and legislation!)
- We need simpler rules that are easy to understand, apply and enforce for a level-playing field within the EU
- We need EU rules to take full account of the international dimension (TTIP, ISO/IEC stds...)
- Smart legislation + smart enforcement = innovation, investments, growth and jobs
2030 framework proposals – no lessons learnt - Make a deal now

Axel Eggert
Director General
Eurofer
EU steel industry

- 500 production sites
- 166 bln € turnover
- 1.3% of EU’s GDP
- 328,000 direct jobs
- Millions of dependent jobs in value chain & service sectors
- 100% recyclable, endlessly, steel: a permanent material
- 25% CO2 reduction since 1990
- 500 mio. t CO2 savings p.a. by 2030 with innovative steel
- 20% employment drop vs. 2007
- 28% drop in EU steel demand (2007/2014), imports benefit from current modest recovery
- EU: high energy prices
- EU: unfair trade practices from non-EU countries
EU regulatory costs for EU steel compared to EBITDA per ton of steel 2002-2011

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<tr>
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<th>2002</th>
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<tr>
<td>EBITDA t/steel</td>
<td>€48</td>
<td>€71</td>
<td>€99</td>
<td>€77</td>
<td>€142</td>
<td>€110</td>
<td>€92</td>
<td>-€25</td>
<td>€38</td>
<td>€43</td>
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<td>EU regulatory</td>
<td>28.1%</td>
<td>18.9%</td>
<td>13.4%</td>
<td>17.3%</td>
<td>9.4%</td>
<td>12.2%</td>
<td>14.5%</td>
<td>-53.9%</td>
<td>35.0%</td>
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<td>costs</td>
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EBITDA: *earnings before interest, taxes, depreciation, and amortization*

EBITDA 2012-2014 was €39 (average of integrated plants, source: EUROFER)

► Already today huge impact on the EBITDA and even more on profit margins
ETS post 2020 proposal: *unachievable benchmarks*

- Steel industry recognised as one of few sectors at “**very high risk**” of carbon leakage
- Yet, even the most efficient steel plant in Europe will have unbearable costs
- Forecasted **CO₂ costs of €28 per tonne of crude steel** in 2030 may wipe out all profit margins and the largest part of the EBITDA, making reinvestment impossible
Advocating towards the industrialization of Additive Manufacturing / 3Dprinting

Filip Geerts
Director General
CECIMO
• Skills
• Standards and certification
• Development of AM applications and usage
• European projects on AM

Skills: Increase the awareness of AM amongst education providers, the development of AM learning programmes, covering the whole value chain for technical professionals (design/modeling, processes, materials and applications) and for non-technical professionals (supply chain, logistics, new business models).

Standards: Uniform standardization. Establish coordination among AM Standardization bodies: ASTM, ISO, CEN, CENELEC.

Adoption of AM technologies by SMEs: Raise the SMEs’ awareness and develop practical opportunities to test AM technologies by coordinating EU AM platforms/sites/centers. Support SMEs’ access to finance for AM investments.

A stronger impact of European AM related projects. Horizon 2020, Map-existing EU AM projects, Coordinate EU AM projects participants.
Point of view: industry regulations through standards

Anne-Françoise Cutting-Decelle
Professor
Centrale-Lille and Université de Genève
Focus on standards used in manufacturing industries: EU (CEN) or International (ISO, IEC)

Benefits of the use of standards: interoperability, data exchanges, communications, long time archiving (LOTAR), important cost savings (US NIST study for aeronautic and automotive industries)

Number of success stories (EU and worldwide): Airbus, PSA, Renault, Schneider Electric, Siemens, BIM (for construction industry), Oil & Gas Production facilities,

Conformance to (EU and international) standards brings important development opportunities to European manufacturing industries

CEN/TC 310 – Advanced automation technologies and their applications
ISO/TC 184 – Automation systems and integration
Topic-based discussions

- Topic 1: Standardization in the EU and at the International level (TTIP etc.)
- Topic 2: Start-up-Innovation-Regulations in the EU
- Topic 3: Green regulations in the EU and their concrete implications for the manufacturing industry
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Thank you!
Questions and answers
Back-up slides
Topic 1:

Standardization in the EU and at the International level (TTIP etc.)
TTIP & Standards: a difference of perspective

- EU Regulation 1025/2012
- 3 ESOs: CEN, CENELEC, ETSI
- Private, non-profit organisations
- Open to all EU stakeholders + ‘inclusiveness’ requirements
- Does not include CA procedure
- Harmonised: No duplication
- Presumption of conformity for EU
- International via agreem. ISO/IEC

- No federal regulatory framework
- 230 accredited SDOs by ANSI/NIST
- Private, but often for profit organisations
- Open to all members globally - no ‘inclusiveness’ requirements
- Usually include CA procedure
- Proliferation & overlap = market tools
- Voluntary / mandatory in practice
- USA approach = WTO ‘International’
TTIP: joint statement by EU and US industry associations Orgalime and NEMA

[See the Video Position]

The transatlantic trade and investment relationship continues to account for the largest economic relationship in the world, and the EU and the US economies account together for about half of the entire world GDP and for nearly a third of world trade flows.

Orgalime and NEMA believe there is a great potential to strengthen further EU-US trade and investment relations to support mutually beneficial job creation, economic growth, and international competitiveness on both sides of the Atlantic. Therefore, we stand ready to assist negotiators in finding ways to increase trade and investment between the two regions.

Tackling regulatory divergences between the EU and the US will equally benefit businesses of all sizes and increase transatlantic trade flows. Currently the lack of regulatory convergence forces companies to invest time and resources in duplicative procedures in order to demonstrate compliance.

The overall goal of businesses on both sides of the Atlantic is to achieve global market access on the basis of ‘one standard, one test, accepted everywhere’. As the ultimate goal, this would mean having fully transposed international standards, without regional or national deviations, that are applied globally.

Topic 2:
Start-up-Innovation and regulations in the European Union
Standardisation vs. Innovation

- Standardisation is about setting the framework
  - Of today… 2015
  - After a long consensus building

- Innovation is about thinking out of the box
  - For tomorrow… 2025
  - Quickly:
    The first, the better
What standard features could support innovation?

- **Open platform**: e.g. Linux vs. Windows/Mac
- **Performance oriented and technology neutral** vs. Prescriptive in functionalities or quality
- **Common basis**, not a threshold (language, method…)
- **Supporting compliance** to legal requirements, not setting the public requirements
Topic 3:

Green regulations in the EU and their concrete implications for the manufacturing industry
Complexity of EU environmental legislation for the engineering industry – a snapshot

- Environment & occupational health
- Environment & Public Health
- BUSINESS PROCESS assembly, marketing, distribution, sale
Complexity of EU environmental legislation for the engineering industry – a snapshot

Energy Efficiency Directive
EPBD
Energy Labelling
Resource Efficiency Roadmap
Raw Materials
Waste Framework
Thematic Strategy Waste
Hazardous waste
WEEE 1
WEEE 2
CEP

Low Carbon Roadmap
Climat change programme
Energy Services Directive
VOCs
CLP
BREFs
Noise
Vibrations
EMF

Environment & occupational health

EXTRACTION
OF NATURAL RESOURCES

DESIGN

MANUFACTURING

BATTERIES

EXTRICATION
OF NATURAL RESOURCES

REACH

IED

2030 Climate and Energy Framework + Energy Union

Environment & Public Health

PACKAGING

ECO LABELS

EMAS

Packaging
EMF
Air

Thematic Strategy Air

CV

Noise

Outdoor noise

Noise

Physical agents

Optical radiation

USE

BUSINESS PROCESS
assembly, marketing, distribution, sale

RECYCLING & DISPOSAL

Environment Liability
Waste Shipment

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Topic 4:

Better Regulation initiative: what evolutions can we expect from the EU Commission (REFIT etc.) & the impact on Regulation’s costs
Instead of refitting, make it fit first!

Orgalime
Overall approach to regulation

Orgalime believes in a free market economy. Free markets and competition are indispensable requirements for the global success of our industry.

Nevertheless Orgalime understands the need for European legislation. In particular when this legislation supports the principle of a free market economy and competition. In this context we support a robust regulatory framework: the internal market is an excellent example for this. Starting from a simple concept: one European piece of legislation, supported by European standards, to replace up to 26 national pieces of legislation. As a result, since the first internal market legislation adopted in the late 70s, the EU has developed an internal market which is second to none. This has stimulated manufacturing investment and innovation and helped to consolidate the position of our industry on world markets.

Market intervention through regulation, however, should only be an option after discussion with affected stakeholders, and when the market is unable to adapt to meet agreed European policy objectives without recourse to regulation.

Whenever legislation is indispensable, a coherent, stable and predictable regulatory framework is needed. What manufacturing companies called for after completion of the internal market for goods was stability and legal predictability. However, this has not been what has taken place: frequent and unpredictable changes in policies and regulations, coupled with differing implementation of these across the Member States, have unfortunately undermined the achievements of the internal market. Orgalime is therefore calling for a back-to-basics approach through sustainable regulation.

"Sustainable regulation" must aim to ensure the right framework that will once again allow companies, both from industry and from our customers and suppliers to manufacture competitively in the EU, attract investment and, through this, provide our citizens with jobs, thus underpinning the European model of social economy. We believe that to achieve this certain core principles must be respected and we call on regulators to ensure that:

- Regulation is adopted only when needed:
  It should be considered only when the market is failing to adapt to clear and agreed policy objectives and after consultation and in partnership with affected stakeholders. It should then be enacted as rapidly as possible in a way which promotes investment and leads to the creation of sustainable employment.

- New Legislative Framework type legislation is our model:
  Regulations define essential requirements in legislation, leaving it up to manufacturers to translate these into standards developed in the European standards organisations without interference from the institutions in the process or the governance of these institutions.

http://www.orgalime.org/sites/default/files/Orgalime_VP_web_0.pdf
From innovation to standardization
RFID tags exchange format
The need:

Existing or potential RFID users have some data to exchange by using RFID tags but nothing else than EPC (commerce) has been standardized.
The idea:

Manufacturers of RFID stations + tags

Standardize a RFID data exchange format (based upon XML)

ISO 15531-51

Customers

Aviation
Railways
Automotive
Industry
Logistic

Manufacturers of RFID stations + tags
• On-going standardization activity, work done in close collaboration between:

• Schneider Electric

• Ecole Centrale de Lille / IG2I