

# Industry in **transformation**... ...**transformation** in society

A new approach to EU industrial strategy





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# President's Message



**Tomas Hedenborg**  
Orgalime President

Change has been a constant over the past year – in our industry and beyond. Over five years since the term ‘Industry 4.0’ first entered our vocabulary, the engineering and technology sectors represented by Orgalime remain in the midst of a profound transformation. The digitisation of production processes is boosting efficiency, while the rise of data-driven business models is opening up new opportunities. 2017 was the year these changes really began to pay dividends: employment in our industries stood at 11 million, while annual turnover is estimated at over €2,000 billion for the previous twelve months. And this success story looks set to continue, with growth estimated at an impressive 4% for 2017 and 3.5% for 2018.

For the companies we represent, these numbers are very good news indeed. They certainly underline how central our sectors are to the European economy. But we believe the transformation in our industry is also central in answering the challenges faced by European society – a society that is itself in flux. As citizens seek a greener, healthier and more sustainable future for the EU, the innovative products and systems designed and manufactured by our world-leading firms can provide solutions: from the smart grid components making our energy systems fit for the future; to the e-mobility infrastructures helping to decarbonise transport; to the connected healthcare solutions that can improve quality of life in a time of demographic change.

None of this is news to those of us working in the industry. When it comes to policymakers, however, it is not always clear they see this bigger picture. This is where Orgalime comes in: we have again made it our mission over the last year to put industry and industrial policy firmly at the top of the EU's political agenda, as we believe the future of our sectors is inextricably linked to the future of Europe. Is our message getting through? 2017 marked a turning point in some ways, as the Commission announced the launch of a renewed Industrial Strategy for Europe following calls for action from the European Parliament, the European Council and the Competitiveness Council – and intensive campaigning by Orgalime and our network for an ambitious strategy at EU level. The measures put forward in the strategy include the establishment of a High-Level Industrial Roundtable ‘Industry 2030’ to advise the Commission on defining future priorities, which Orgalime has been invited to participate in.

## We believe the transformation in our industry is also central in answering the challenges faced by European society.

Yet despite these positive developments, policymakers' ambition is not yet where it needs to be. On the positive side, we see growing recognition that the environment our companies operate in is shaped by decisions across a wide range of policy fields. Yet recognising this fact can only be the first step; what we need now is ambitious and coordinated action in support of our innovative industries right across these policy fields – from digitisation to the Internal Market, from energy and circular economy policies to R&D&I and trade – and a bolder vision of how to connect these for the future.

As President of Orgalime, I will continue to advocate for a progressive, forward-looking industrial strategy that enables and supports the transformation in our industry for the benefit of all Europeans. I have had the opportunity to feed the experience and insights of our sectors into the policymaking process at the highest level in recent months, from meeting with individual Commissioners to participating in the 'Industry 2030' High-Level Roundtable, the Digitising European Industry Stakeholder Forum, and platforms such as EU Industry Day. This dialogue is important. We in industry need to communicate broadly with decision makers and society at large to explain how we can help shape the future in a positive direction. And if policymakers are prepared to listen, together we can find a way forward that will not only secure the EU's position as the home of leading-edge digital industrial innovation – but that will help our firms maximise the contribution they can make to Europe's economy and society, now and in the years to come. ●

# Director General's Message



**Malte Lohan**  
Orgalime Director General



**Inge Dewit  
Vanhaelen**

## A NEW ROLE FOR INDUSTRY IN CHANGING TIMES?

From the digital revolution in the engineering and technology industry to citizens' growing calls for a greener, smarter and more sustainable Europe – it seems that change is unfolding all around us. But what has been changing in Brussels at the level of EU policy? And how have we at Orgalime been responding?

The good news is that industry's place on the political agenda is on the rise, as can be seen from the high-level events and forums that have taken place in recent months and where Orgalime has played a central role: from EU Industry Day, to the 'Industry 2030' High-Level Roundtable and the European Platform of National Initiatives on Digitisation, to name just a few. This reflects a recognition on the part of policymakers that a solid industrial base is vital for economic growth; a lesson learned the hard way in the wake of the financial and economic crisis. As the companies we represent comprise Europe's largest industrial branch – and one which posted an enviable growth rate of 4% in 2017 – Orgalime is in a strong position to demonstrate the central role of our industry in the EU economy as a whole.

But the rising political profile of our innovative sectors also represents a broader shift in attitudes: a growing realisation that industry can and should be a partner in driving the changes that will make Europe a greener, healthier and more prosperous place to live. Orgalime has been active in communicating this message across the policy areas we cover. A key focus in 2017 was our engagement promoting adoption of an ambitious industrial strategy, which bore fruit as the Commission took the first steps with its proposal for a renewed approach.

**Orgalime has been very vocal in our conviction that now is the time to seize the opportunities of the transformations unfolding in European industry and society.**

## **HARNESSING CHANGE TO BENEFIT ALL**

Yet while this was a welcome development, it remained largely a stock-taking exercise. What we need now is a forward-looking, long-term vision towards 2030 and beyond, underpinned by concrete objectives and targets – with the aim of further reinforcing an attractive environment here in the EU for investment in the innovative technologies that will shape Europe's future. Orgalime has been very vocal in our conviction that now is the time to seize the opportunities of the transformations unfolding in European industry and society. We already see countries such as China and the US taking bold action to strengthen their industrial base. Europe cannot afford to be left behind. 2018 will be a decisive year: crunch time is approaching for decisions on legislative questions surrounding digital tech and the data economy; it is the moment to go for ambition in the remaining files of the Clean Energy Package; the Internal Market – which celebrates its 25th anniversary this year – is back in the spotlight with a new proposal on enforcement and compliance; and the future of the EU budget, including industrial R&D&I funding, hangs in the balance as negotiations begin on the next phase. We will be front and centre in all of these debates.

## **EVOLVING TO MEET CHANGING NEEDS**

For Orgalime, too, 2017 has been a dynamic time. We continue to go from strength to strength, now representing the interests of 42 associations from 23 European countries. Two new associate members joined the Orgalime family in 2017: CEFACD, the European committee of manufacturers of domestic heating and cooking appliances, and ELA, the European Lift Association. In addition to our member associations, we also provide tailored services to some 20 European sector

## European Engineering Snapshot in 2017

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Output **€2,076 billion**

Change in output ('17/'16) **+4.0%**

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Employment **11 million**

Change in employment ('17/'16) **+0.7%**

associations. We have taken steps to consolidate and reinforce our structures regarding how we work with industry sectors, formalising collaboration and improving efficiency in achieving our shared objectives.

Needless to say, we have continuously adjusted our internal structures and work programme to ensure we can effectively respond to the changes emerging across policy areas – from the dynamic field of digitisation, to climate and energy policy in a time of energy transition, and beyond. And we continue to maintain excellent relationships with decision makers at the highest level of the EU institutions: we were delighted to welcome both Commission Vice President Andrus Ansip and Commissioner Günther Oettinger as speakers at our General Assembly in November.

Finally, it has been a period of transition in our association leadership, too. With Adrian Harris retiring from Orgalime at the end of 2017 after two decades at the helm, I was appointed as Adrian's successor by the General Assembly in June and officially assumed the role on 1 January 2018. It is an exciting time to be representing the engineering and technology industries, and I am honoured to have the opportunity to build on the excellent work done by Adrian during his highly successful tenure. Backed by the support of an engaged membership and a first-rate team in the Orgalime Secretariat, I look forward to ensuring the priorities of our industry are given the attention they are due in all key EU-level debates.

2018 will be a crucial year, as the current Commission finalises its five-year work programme and groundwork is laid for the term to come. With debates ramping up on the future of Europe, we need to be ready to make the case for our industry's role in that future – and to clearly show how our innovative engineering and technology firms can help shape it for the benefit of all citizens. •

# Board & Policy Committees

“It’s been another dynamic year in our industry. The digital transformation is translating into growth across the board and opening the door to further innovation across sectors. And it’s been a time of change at Orgalime, too, as we bid farewell to our Director General of 20 years and welcomed his successor. We have all worked closely together throughout this period to ensure a smooth and successful transition, and to lay the groundwork necessary to make our work fit for the future. Faced with an ever-evolving policy landscape, we will undoubtedly have new challenges to master in 2018. But as our association continues to go from strength to strength, we remain fully focussed on seizing the numerous opportunities on the horizon.”



**Peter Bongaerts**  
Chairman of Orgalime





# BOARD OF DIRECTORS

## **Peter Bongaerts**

Chairman

FME, The Netherlands

## **Thilo Brodtmann**

Vice Chairman

VDMA, Germany

## **Rafael Campos Pereira**

AIMMAP, Portugal

## **Andrea Orlando**

ANIMA, Italy

## **Howard Porter**

BEAMA, United Kingdom

## **Eric Jourde**

FIEEC, France (Until March 2018)

## **Benjamin Frugier**

FIM, France

## **Jorma Turunen**

Technology Industries of Finland

## **Klas Wåhlberg**

Teknikföretagen, Sweden

## **Klaus Mittelbach**

ZVEI, Germany

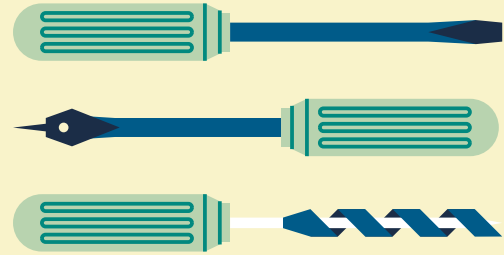
## Metal Articles Liaison Committee (MALC)

“The metalworking and metal articles sector plays a crucial role as the foundation of the production chain that leads to high-tech manufacturing. So this year we have seen this sector benefit both from the recoveries in the mechanical engineering and construction industries, and from the growth in automotive. With digitisation offering further scope to boost the efficiency of our processes, we can continue to build on this positive trend over the coming year.”



**Benjamin Frugier**

FIM  
Chairman of MALC



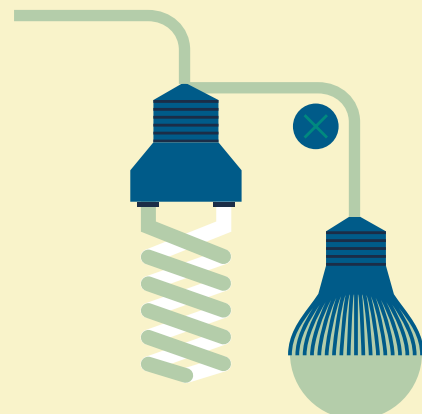
## Committee of the Electrical and Electronic Industries (CEEI)

“2017 saw a steady pick-up in growth across the electrical and electronic engineering sectors. The benefits of digitisation and the increased use of data and analytics are undoubtedly a central factor fuelling this trend. Looking to the future, it is clear that technological and commercial evolutions in the energy, electronic and digital sectors – such as smart grids, the smart home, smart mobility, e-health, the needs of an ageing population, and digital trust – offer exciting opportunities for our sectors to tap into.”



**Eric Jourde**

FIEEC  
Chairman of CEEI (Until March 2018)



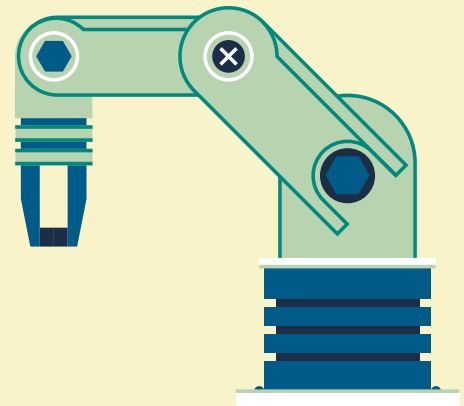
## Mechanical Engineering Liaison Committee (MELC)

“The mechanical engineering sector is at the forefront of the recovery of European industry more broadly, posting above average growth in 2017. The impact of digitisation can be strongly felt in this arena, as the interlinkages between mechanical and electrical/electronic engineering become ever stronger – creating entirely new possibilities for innovation across products and systems.” •



**Andrea Orlando**

ANIMA  
Chairman of MELC



# Business Situation in 2017

Twice a year, Orgalime's economists compile and analyse the latest data and forecasts of the engineering industry – specifically analysing economic trends in metal products, mechanical engineering and electrical engineering, electronics, ICT and instruments (mainly chapters 25 to 28 and 32.5 of the NACE rev.2 business nomenclature), as well as the installation and repair services sector (chapter 33 of the NACE rev.2 business nomenclature). Based on official data available, we estimate that the engineering industry's total turnover value in the European Union reached about €2,076 billion in 2017, while employment grew to over 11 million people [1].

## Annual change in output (current prices) of the European engineering industries (year-on- year growth in %)

Sector / year	2017 (estimate)	2018 (forecast)
Mechanical engineering	+5.0	+4.0
Electrical, electronics and instrument engineering	+3.5	+4.0
Fabricated metal goods	+3.0	+2.5
<b>Total Orgalime industries</b>	<b>+4.0</b>	<b>+3.5</b>

[1] All figures cited in this report are based on official data correct as of end 2017.

# 2017: RISE IN OUTPUT OF 4.0%

The activity in the European Orgalime sectors grew by 4.0% in 2017.

The main driver of this growth was the economic recovery in the world in general and in the European Union in particular. The output of European industry and of the construction sector increased heavily, and investment was again on the rise.

In the automotive industry, a major client of the engineering industry, there was a strong increase in the number of new passenger cars and commercial vehicle registrations, making the sector one of the motors of this European growth.

Furthermore, the Purchasing Managers Indices and the Confidence Indicators for European industry have increased significantly since the end of 2016. The optimism expressed by our figures is also based on these observations.

However, in some countries and industries the European engineering industry has also faced negative effects on its order books in 2017, stemming from two important economic issues:

1. The uncertainty generated by the prospect of Brexit and a substantial depreciation of the pound sterling in 2016-2017 has made exports to the United Kingdom more expensive. As a result, the United Kingdom has faced an increase in its input prices.
2. The depreciation of the US dollar in 2017 also resulted in EU engineering exports to the rest of the world becoming more expensive. (In 2014-2015, the appreciation of the US dollar was one of the drivers of growth.)



# 2018: OUTPUT FORECAST TO GROW BY 3.5%

In 2018, GDP growth is expected to decrease slightly in most industrialised countries. The first negative effects of the very good business cycle situation will gradually become visible: very high utilisation rates of production capacity, a growing lack of technical and digital skills affecting a large part of the industry and, last but not least, a higher upward pressure on wages which will have a negative impact on the global competitive position of our industry.

Therefore, we expect the engineering industry to grow by 3.5% in 2018: a little lower than the rate of growth in 2017.

Investment growth of European industry will continue to be positive. European industry was underinvesting in the period 2010-2015 compared to the period before the economic crisis of 2008-2009. Since 2016, we are seeing an upswing in European industrial investment figures.

Uncertainty surrounding certain risks has also had a negative effect on growth perspectives. The rise of populism and anti-globalisation sentiment in Western Europe seems to be diminishing, but continues to be a factor of uncertainty.

The effects of Brexit on the European integration project and uncertainty about the way the U.S. will continue to deal with trade issues is still putting a serious brake on the global and European growth motor.

## EMPLOYMENT

Employment grew slightly by 0.3% in 2016, marking the third consecutive year of growth in the European engineering industry. The growth rate in 2015 was 0.7% and in 2014 we calculated 0.3% employment growth. Orgalime economists expect this to continue with an estimated rise in engineering industry employment of 0.7% in 2017 and a forecast 0.9% in 2018. In some parts of the industry, notably the fabricated metal goods industry, the increase could even reach 1.3%.

If we aggregate this data, then we end up with the observation that the European engineering industry will have created more than 300,000 jobs in the period 2014-2018.

## Annual change in employment of European engineering industries (year-on-year growth in %)

Sector / year	2017 (estimate)	2018 (forecast)
Mechanical engineering	+0.9	+0.7
Electrical, electronics and instrument engineering	+0.1	+0.8
Fabricated metal goods	+1.3	+1.4
<b>Total Orgalime industries</b>	<b>0.7</b>	<b>0.9</b>

### Mechanical engineering industry

The European mechanical engineering industry accounted for an annual turnover of almost €690 billion in 2017. Employment is estimated at a little over 2.9 million people.

Growth in mechanical engineering is again at above average rates (5.0% in 2017 and 4.0% in 2018), making it the strongest growth sector in the engineering industry.

Mechanical engineering is profiting from the wider recovery of European industry: since the beginning of 2013, European mechanical engineering output and investment figures have been rising strongly and this is good news for the European mechanical engineering industry.

### Electrical, electronics, ICT and instrument industries

The electrical, electronics and instrument industry, including medical and dental industries, employs more than 3 million people. This branch of the engineering industry accounted for an annual turnover of some €698 billion in 2017.

In 2017 and 2018, this sector will grow steadily, after a few years with almost no growth: 3.5% in 2017 and 4.0% in 2018.

One challenge for this sector is the decreasing price evolution in the manufacture of computers and peripheral equipment sector; another is to take full advantage of technological and commercial evolutions in the energy sector (for example smart grids).

The electrical, electronics, ICT and instrument industries can certainly profit from the digitisation of European industry and from the worldwide evolution towards Industry 4.0, in particular if the EU regulatory framework enables this.

## Fabricated metals and metalworking industry

The fabricated metals and metalworking industry's turnover in 2017 is estimated to have been over €506 billion. In terms of employment this is the largest sector of the European engineering industry, employing more than 3.7 million people. This sector produces, to a large extent, inputs and products used in the construction industry and in other engineering sectors, such as machinery and automotive.

In 2017 and 2018, the sector is expected to grow a little less than the average of the European engineering industry (3.0% growth in 2017 and 2.5% growth in 2018).

The fabricated metal goods industry is benefitting from the recoveries in the mechanical engineering and the construction industry and from the growth figures in automotive. ●





# Industrial Policy



Pierre  
Lucas



Gerrit  
Steinfort

To support the transformation of industry, we need a new approach to industrial policy. A progressive, forward-looking industrial strategy at EU level can enable change by creating the right environment to attract investment in innovative technologies developed and produced here in Europe. And given the role these technologies can play in addressing societal challenges, ambitious action can deliver a win-win outcome for Europe's companies and citizens alike. This is why a central focus of our work over the last year has been to advocate for a strategic industrial policy at EU level – a coordinated approach

that can connect the dots between all policy areas affecting engineering investment. From the Coal and Steel Community to the Digital Union, European policymakers have always played a strategic role in supporting Europe's industry through periods of transition.

**LOOKING BACK: HIGHLIGHTS FROM 2017**

- EU Industrial Strategy: Commission responded to calls for action on industrial policy with its Communication on a renewed EU Industrial Strategy.
- Shaping the digitisation agenda: Orgalime present in all key EU governance forums for the Commission's Digitising European Industry strategy – from the High-Level Roundtable to the Stakeholders' Forum and the European Platform of National Initiatives.

**LOOKING FORWARDS: PRIORITIES FOR 2018**

- Industrial strategy: Orgalime will continue to push for greater ambition, including through participation in the Commission's 'Industry 2030' High-Level Roundtable.
- Cybersecurity and data: We will advocate a flexible approach as negotiations begin on the Cybersecurity Act, while continuing to promote our priorities for the data economy.
- Artificial intelligence (AI): With the Commission Communication on AI presented in spring 2018, we promote a grounded view that recognises the benefits of AI as it is already being used today in industry.

## INDUSTRIAL POLICY STRATEGY

Top of our industrial policy agenda in 2017 were efforts to push the Commission to adopt an ambitious EU industrial strategy – work echoed by calls from the European Parliament, the European Council and the Competitiveness Council for action to strengthen the EU's industrial base. This comes at a time when investment in future-facing technologies is urgently needed in Europe, and countries such as the US, India and China are showing strong political commitment towards domestic industry.

Our work achieved a first result when the Commission put forward in September a Communication on 'Investing in a smart, innovative and sustainable industry: a renewed EU industrial policy strategy'. We welcomed the Communication as a first step; however, we view it as more of a stock-taking exercise, when what is needed is a long-term vision with concrete objectives towards 2030 and beyond.

## EU INDUSTRIAL STRATEGY: OUR KEY MESSAGES

Our [recommendations for the future of an EU industrial strategy](#) advised that all available policy tools should be deployed to create an attractive environment for industrial investment:

- Regulatory tools:

- Innovation-friendly framework for the digitisation of industry: Take a cautious approach to regulation to avoid stifling innovation – and ensure all legislation is future proof.

- A ‘single’ Single Market: The same framework should apply to the Single Market for goods and to the Digital Single Market – based on the tried-and-trusted New Legislative Framework (NLF).

- A stronger Single Market: Enhanced market surveillance, simpler compliance procedures, no new technical barriers.

- Budgetary tools:

- Research, development and innovation funding: Maintain focus on collaborative industrial research in upcoming Framework Programme 9.

- Infrastructure investment: Strengthen targeted investment in high-tech energy and broadband infrastructures.

- Large Projects of Common Interest: Continue to finance projects that can strengthen industrial competitiveness.

- Investment: Establish a strong EU investments policy.

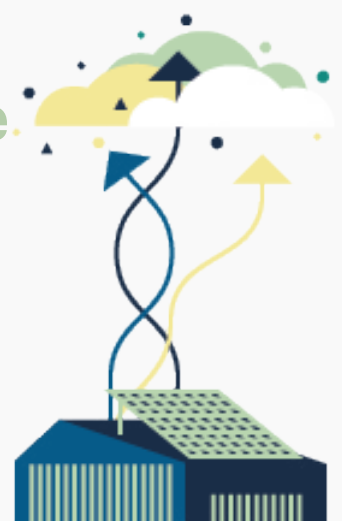
## KEY ACTIONS 2017

- Joint Declaration for an Ambitious EU Industrial Strategy: Co-signed together with some 130 other European industry associations, this declaration called on the Commission to adopt an ambitious action plan to strengthen the EU’s industrial base.

- EU Industry Day: Keynote speech by Orgalime President Tomas Hedenborg at the first EU Industry Day – a high-level forum hosted by the Commission in February.

- Responded to the Commission’s Industrial Strategy Communication with [concrete recommendations for the way forward](#), and put forward a detailed overview of our views on investment.

Orgalime favours a comprehensive approach that mainstreams industrial competitiveness into all areas – entailing coordinated action across a wide spectrum of policy fields.



# **DIGITISING EUROPEAN INDUSTRY**

Orgalime has been actively involved with the implementation of the Commission's 'Digitising European Industry' Communication, published in 2016. We are convinced that the EU's Industrial Renaissance will be built on both the digital and non-digital sectors of industry – and so support the Commission's balanced approach of not only “boosting Europe's digital innovation capacities”, but “boosting digital innovation in all sectors across Europe”.

We are engaged across all relevant digitisation debates – from investment, standards and governance, to the regulatory framework, industrial data protection and skills.

## **DIGITISATION OF INDUSTRY: WHERE ARE THE BENEFITS FOR EUROPE?**

- Digitisation is an opportunity for all businesses – not just for IT firms or start-ups. Digital tech and data enable companies across sectors to change their business models, deliver new services and products and generate new revenue streams, creating new jobs in the process.
- Europe's strengths lie in the fusion of digital and physical technology: We are world leaders in bringing together software, electronic hardware and electrical and mechanical equipment to create smart, automated solutions. This makes the Industrial Internet of Things a core driver for the European economy – sharpening our focus on this area will give the EU an international competitive edge.

## **KEY ACTIONS 2017**

- Digitising European Industry report: Commented on the European Parliament's draft report on the Digitising European Industry strategy and discussed with key MEPs.
- Governance: Communicated our industry's priorities at the top level of policymaking through participation in the Commission's High-Level Roundtable, Stakeholder Forum and Platform of National Initiatives on Digitisation. Orgalime President Tomas Hedenborg was a panellist in the inaugural Stakeholder Forum meeting in January.
- Data economy: Co-organised a roundtable debate entitled 'EU Data Economy – New Business Models for Manufacturing' together with the European Forum for Manufacturing (EFM) – company speakers gave MEPs and Commission guests a direct insight into new data-driven business models and the legal aspects related to their development.
- Next-Generation Internet: Responded to the Commission consultation to define EU research and innovation priorities for selected technology areas.
- Cybersecurity: After [communicating our initial views](#) on strengthening trust in the Internet of Things, we prepared our response to the Commission's Cybersecurity Package of September 2017 and launched an internal debate on the economic and societal aspects of artificial intelligence in view of the upcoming Commission Communication.

# THE DATA ECONOMY

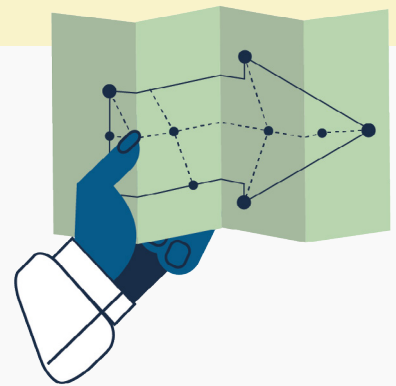
The digitisation of industry has shone a spotlight on the framework governing the capture, use and flow of data. Following the January 2017 Communication ‘Building a European Data Economy’, the Commission proposed legislation in September to remove data localisation requirements without imposing any obligations for companies. Meanwhile, no hard law proposals are foreseen for other legal issues surrounding data – which is in line with what Orgalime has been calling for. We continue to actively monitor and contribute to all key policy debates in this sphere, communicating the priorities of our industry to decision makers.

## OUR PRIORITIES FOR THE DATA ECONOMY

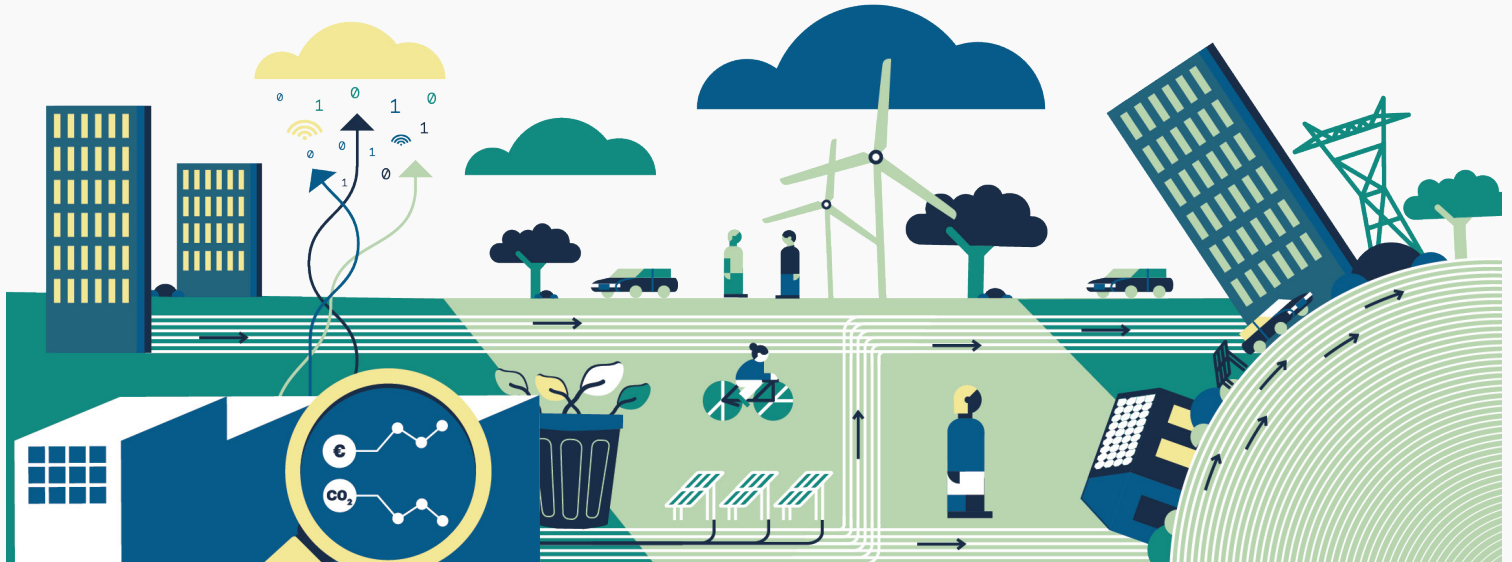
**Free flow of data:** An innovation-friendly framework for the flow of non-personal data within the EU will be essential to the successful digitisation of industry.

**Freedom of contract:** Freedom of contract should naturally be the basis of business-to-business relations concerning data exchange and flow of non-personal data overall. Additional regulation would create legal uncertainty and administrative burden for companies.

**Open data:** We oppose mandatory opening up of company data in EU research projects. We believe companies must retain the right to protect their intellectual property rights and know-how in the digital world. •



# Energy, Environment & Climate Change Policy



Sigrid  
Linher



Stéphanie  
Mittelham



Toma  
Mikalauskaitė



Deborah  
Girasa

Innovation in our industry is enabling change across sectors: and in few areas are these changes as far-reaching as in the energy sector. The systems and solutions developed by European engineering and technology leaders are fuelling the ‘3-D’ transformation of the EU’s energy system – driven by digitisation, decarbonisation and decentralisation. This can accelerate the transition to a cleaner, greener future for Europe’s citizens. To this end, our work on the Commission priorities of Energy Union and the circular economy places emphasis on how the digitisation of industry can unlock synergies in both arenas. We

promote an industrial strategy that incorporates forward-looking energy and environment policies that tap into these synergies – helping European industry deliver solutions to society’s challenges while maintaining its international competitive edge.

**LOOKING BACK: HIGHLIGHTS FROM 2017**

- Clean Energy Package: Following our calls for ambitious action, we saw positive first results with the deal reached on the Energy Performance of Buildings Directive (EPBD) review.
- Supporting the energy transition: Orgalime was selected as Strategic Partner of EU Sustainable Energy Week and was a signatory to the Tallinn E-energy Declaration.
- Better Regulation in action: The EU institutions agreed a final RoHS amendment that is good for the circular economy and for industry.

**LOOKING FORWARDS: PRIORITIES FOR 2018**

- Clean Energy Package: Our focus will be on carrying forward the positive momentum of the EPBD outcome to the remaining Clean Energy files – electricity market reform, energy efficiency, renewables and governance proposals.
- Unlocking synergies: We will encourage policymakers to tap into synergies across the energy, digital and circular transitions, with the aim of optimising the use of resources throughout the economy.

## ENERGY

### Clean Energy for All Europeans Package

Following the EU’s landmark ratification of the Paris Agreement, the Commission took an important step in late 2016 towards concrete implementation of these international commitments at home – with the release of the Clean Energy for All Europeans package.

After contributing input during the preparatory phase, Orgalime warmly welcomed the Commission proposal: it places energy efficiency first, pursues EU world leadership in renewables and a fair deal for consumers who are increasingly active in producing and managing their own energy.

**KEY ACTIONS 2017**

- Presented Orgalime’s position on the Commission’s Clean Energy Package at a high-level roundtable event opened by Director-General Ristori of DG Energy at the European Parliament, organised together with the European Forum for Manufacturing.
- Meeting with Commission Vice President Šefčovič to discuss how to make the energy transition a success.



- Strategic partner to the Commission's Sustainable Energy Week event (EUSEW) – article published on EUSEW blog; spoke at opening session on both days of the policy conference; organised joint session with IDEAS on flexible energy markets (accompanied by a joint position paper).
- [Commented in detail on the full proposal](#), highlighting the package's potential to generate innovative jobs and growth and modernise Europe's energy system to the benefit of all citizens.
- [Called for rapid, ambitious and comprehensive outcome](#) to mark kick-off of Parliament and Council debates.

Our work on the individual files of the Clean Energy Package centred around two key focus areas:

## Energy Efficiency First



### **LEGISLATIVE FILES**

Energy Performance of Buildings Directive (EPBD), Energy Efficiency Directive (EED)

### **OUR MESSAGE**

Energy efficiency is an opportunity for all. Now that eco-design and energy labelling legislation have successfully boosted the energy efficiency of individual appliances, efforts should be directed to the level of the systems incorporating these products.

### **KEY ACTIONS 2017**

- Communicated our position to the European Council and Maltese Presidency.
- Hosted Commission workshop on smart buildings.
- [Joint political letter](#) to Council ahead of general approach on EPBD revision, co-signed by Orgalime and 14 other national and EU-level industry associations.
- High-level roundtable debate on the EPBD review with industry speakers and MEPs at European Parliament, co-hosted with European Forum for Manufacturing.
- [Communicated our position](#) on Rapporteur Bendt Bendtsen's draft European Parliament report.
- [Publicised industry priorities](#) ahead of EPBD trialogue.
- [Political letter](#) ahead of final EPBD trialogue agreement.



## Market design, renewables and governance

### LEGISLATIVE FILES

Electricity Directive, Electricity Regulation, Risk Preparedness Regulation, Agency for the Cooperation of Energy Regulators (ACER) Regulation, Directive on Energy from Renewable Sources, Governance Regulation

### OUR MESSAGE

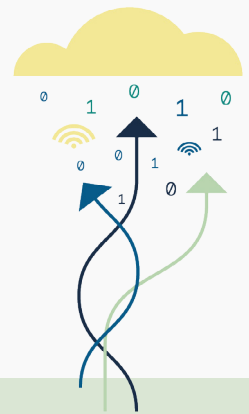
A well-functioning integrated energy market is the best tool to guarantee affordable energy, security of supply and overall environmental sustainability of Europe's energy system.

### KEY ACTIONS 2017

- Signatory to Tallinn E-energy Declaration, together with stakeholders including Commissioner Cañete, Estonian Presidency and national ministers.
- [Joint statement](#) on Regulatory Stability for RES support schemes, together with Eurelectric, WindEurope and SolarPower Europe.
- [Political letter](#) to Estonian Presidency ahead of Council meeting.

## Modernised energy and transport infrastructures

As part of our efforts to strengthen the internal energy market, Orgalime is active on questions of energy infrastructure modernisation – and as e-mobility becomes increasingly important as a use case for smart grids, we have been active in this area, too.



### KEY ACTIONS 2017

- Participation in relevant forums: EU Smart Grids Task Forces, Energy Infrastructure Forum, European Stakeholder Committees on Grid Connection and System Operation.
- Network codes: Increased activity on network codes and their implementation, including regular links to the Agency for the Cooperation of Energy Regulators (ACER) and the European Network of Transmission System Operators for Electricity (ENTSO-E).
- TEN-E Regulation: [Responded to public consultation](#) on evaluation of Trans-European Energy Infrastructure (TEN-E) Regulation.
- Smart charging and the Alternative Fuels Directive: Participated in the Commission's Sustainable Transport Forum; [communicated our position](#) on the second EU Mobility Package and Alternative Fuels Infrastructure Action Plan.

# ENVIRONMENT

## Resource efficiency and circular economy

The Commission's 2017 implementation report on its Circular Economy Action Plan emphasised the interface of waste, product and substance policies. We have been active in providing suggestions to improve consistency between these three strands, in order to improve resource efficiency and strengthen the circular economy.

We are convinced that digitally enabled technologies offer ample opportunities for optimising the use of our resources throughout the economy, something the Council also recognised on two occasions this year.

### KEY ACTIONS 2017

- [Commented on the Commission Roadmap](#) for developing a circular economy monitoring framework.
- European Innovation Partnership (EIP) on Raw Materials: Joined both high-level and operational groups and provided active input to their work.
- European Policy Centre (EPC) project on digitisation and the circular economy: Founding project member, launched in November with workshops scheduled throughout 2018.
- 2030 Agenda for Sustainable Development: Invited to an informal Estonian Presidency workshop on implementing the agenda in the EU.

Our work on the individual strands of product policy, waste policy and substances policy focused on the following areas in 2017:

## Product policy

EU product policy in 2017 was dominated by intense debates on the Ecodesign and Energy Labelling Directives.

### Ecodesign

The Ecodesign Directive is now in the implementation stage. As we believe the time has come to move from appliance to systems level in the quest for energy efficiency, we were happy to see the Ecodesign Working Plan 2016-2019 embedded in the wider vision of the Clean Energy Package.

**KEY ACTIONS 2017**

- [Commented](#) on Draft Regulation for Electronic Displays.
- Commented on preparatory ecodesign study on smart appliances.
- Letter to Estonian Presidency addressing eco-innovation conclusions.
- Ecodesign Consultation Forum: Active member, representing industry in meetings addressing a broad range of appliance and product categories.

## Energy Labelling

The Energy Labelling Framework review was concluded in 2017 and we are now focusing on implementation – in particular the establishment of the new Energy Label Database. While we supported returning to the A-G label and appreciated the progress made on rescaling, we remain reserved about the introduction of an energy labelling product database that will add administrative burden without resolving market surveillance issues.

**KEY ACTIONS 2017**

- [Joint industry letter](#) with recommendations on preserving the success, credibility and workability of the framework.
- Involved in meetings of Ecodesign Consultation Forum sub-groups on Energy Labelling Framework.
- Eco-Management and Audit Scheme (EMAS) and Ecolabel: Reporting throughout 2017.

## Waste policy

We are convinced that if a circular economy is to develop bottom-up, an effective waste policy is key. Our work in this area centred around two focal points in 2017:

### Waste Package

We have closely followed the Commission's Waste Legislative Package, communicating our position to the European Parliament and Council at each stage of the process.

**KEY ACTIONS 2017**

- [Warned against](#) building the circular economy at the expense of the Internal Market for products.
- Provided political and technical input over six rounds of Parliament and Council negotiations on final text.
- Prioritised consistency with sector-specific Waste Electrical and Electronic Equipment (WEEE) Directive – calling for waste policy ambition in line with fair and consistent Extended Producer Responsibility financing obligations and proper functioning of the EU internal market for products.

## Waste Electrical and Electronic Equipment Directive (WEEE 2)

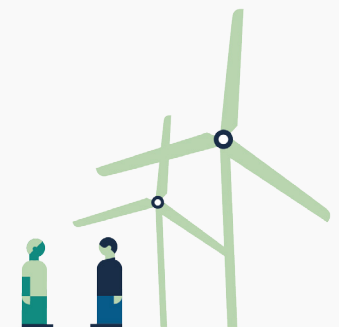
Orgalime now has 15 years' experience monitoring implementation of the sector-specific WEEE 2 Directive and communicating the needs of our industry to the Commission on existing or planned measures.

**KEY ACTIONS 2017**

- [Joint industry comments](#) on the Implementing Regulation establishing a Common Methodology for the Calculation of 'the weight of EEE placed on the national market in each Member State' and of the 'Quantity of WEEE Generated by Weight in each Member State'.
- [Commented](#) on the Draft Implementing Regulation on the format for WEEE registration and reporting and the frequency of reporting to the WEEE register.
- Attended workshop on Commission's WEEE compliance promotion exercise study and provided detailed recommendations.

## Substance policy

We closely follow developments in EU substance policy affecting engineering firms, focusing on the Directive on the Restriction of Hazardous Substances (RoHS) and the Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).



## RoHS Directive

### KEY ACTIONS 2017

- [Responded to Commission proposal for RoHS amendment](#) to permit secondary market operations and supply of spare parts for equipment newly covered by the Directive – noting that the proposal aligned with circular economy objectives.
- [Welcomed the Commission's RoHS amendment](#) as reconciling environmental and economic ambition in times of circular economy – after close monitoring of negotiations and regular contact with the EU institutions.
- Successfully advocated for faster timeline for adoption of Commission's RoHS amendment proposal: Agreement reached under the Maltese Presidency in June; Directive published in OJEU in November.
- RoHS exemptions tracking system: Put in place a system to help companies follow the complex, ever-changing process of renewing existing exemptions and granting new exemptions under RoHS.

## REACH Regulation

### KEY ACTIONS 2017

- [Responded to Commission's public consultation](#) on REACH evaluation: Despite room to improve in implementation, we believe REACH is generally fit for purpose.
- Directors' Contact Group (DCG) forum on May 2018 REACH registration deadline: Represented concerns of downstream users (DUs) about potential disruption to chemicals supply – DCG adopts recommendation to help small volume and SME registrants in implementation ahead of upcoming deadline, and mandates further analysis of impacts on DUs.
- European Chemicals Agency (ECHA) guidance on requirements on substances in articles: Closely followed preparation work and [communicated our position](#) ahead of publication.
- Invited by Commission to speak at 'REACH 2018 and Beyond' conference about the process of candidate listing and impact on downstream users.
- Joined ECHA initiative to improve quality of Safety Data Sheets.
- Represented our industry at key meetings of Commission expert group on chemical legislation (CARACAL).
- EU Plastics Strategy: Monitoring and reporting on development of the strategy.

# Industrial Emissions Directive

Orgalime monitors and assists the Commission in the implementation of the Industrial Emissions Directive (IED), by coordinating participation of our industry's experts in the review of 'Best Available Techniques' reference documents (BREFs).

## KEY ACTIONS 2017

- Promoted consistency between WEEE and IED Directives – in particular the existing WEEE treatment standards and revision of the Waste Treatment BREF.
- Contributed our industry's viewpoint to meetings of the IED Article 13 Forum - a formal expert group with Member States, Commission, industry and NGO representatives providing opinions on proposed content of final draft BREFs.
- Active participation in meetings of Industrial Emissions Alliance - informal platform regrouping industry associations involved in IED BREFs review process. •



# Internal Market & Standardisation



Philippe  
Portalier



Eleonora  
Piccinni



Caio Lobo



Helena  
Le Goff-Jedrzejowicz

The European engineering industry is undergoing a profound transformation – a transformation that is fuelling innovative solutions to the biggest challenges facing our society today. But to enable this change, some things must remain constant. For 25 years now, the EU Internal Market has provided a uniquely stable framework for firms to grow their business across Europe. And the harmonisation legislation underpinning this market can ensure the predictable regulatory framework necessary to attract investment in innovation and manufacturing in Europe. This is why efforts to strengthen the operation of the Internal

Markets are at the heart of our vision for a forward-looking industrial policy.

**LOOKING BACK: HIGHLIGHTS FROM 2017**

- **Market Surveillance:** Following our calls for simpler, smarter market surveillance, the Commission proposed a Regulation recognising many of our priorities.
- **Standardisation:** We worked to enhance cooperation between policymakers, standardisers and industry stakeholders – including action to save the ‘New Approach’ to technical harmonisation.

**LOOKING FORWARDS: PRIORITIES FOR 2018**

- **Machinery Directive:** With the Commission’s evaluation results expected spring 2018, we will continue promoting our position that the existing legislation is fit for purpose.
- **Market Surveillance:** We will be actively advocating swift progress on the Commission’s proposal as it is negotiated in the European Parliament and Council.

## INTERNAL MARKET

Needless to say, the smooth functioning of the Internal Market for industrial products does not happen by itself: it requires coordinated efforts on the part of EU policymakers, national authorities and industry stakeholders. Market surveillance is a key part of those efforts to ensure fair competition among economic operators – making it a central focus of our work in 2017. After commenting on market surveillance in online trade earlier in the year – specifically on the handling of fulfilment centres – we presented our central positions on the future of market surveillance in September.

**OUR KEY MESSAGES ON MARKET SURVEILLANCE**

- **Level playing field:** Strengthen the hands of national market surveillance authorities to act against deliberately non-compliant operators – to protect consumers and end-users, while safeguarding the investment of legitimate business in compliance procedures.
- **Simplification:** Make it as easy as possible for legitimate economic operators to demonstrate compliance – simpler processes allow companies to focus on their core business and innovation.
- **Cooperation:** Enhance dialogue and cooperation between enforcement authorities and industry, to the benefit of both sides.
- **Proportionality:** Focus on those who deliberately break the rules, rather than on box-ticking exercises that can only identify limited types of formal non-compliance.

The Commission proposal for a Regulation on compliance with and enforcement of Union legislation in December recognised many of these priorities. We welcomed the proposal, while indicating a need for improvement in certain areas. As the proposal moves through the European Parliament and Council over the coming months, market surveillance and compliance will continue to be top of our agenda in 2018.



Market surveillance is a key part of efforts to ensure fair competition among economic operators - making it a central focus of our work in 2017.



Finally, although our industries are overwhelmingly covered by European harmonisation legislation, we do occasionally address questions surrounding the 'mutual recognition' principle where relevant for our members: for example, in February 2017 [we called on the Commission to endorse the Mutual Recognition Agreement between the EU and Switzerland](#) following transposition of certain EU harmonisation Directives into Swiss legislation.

## HARMONISATION LEGISLATION

A stable and predictable regulatory framework is a prerequisite for investment in the innovations that will shape Europe's future. Fortunately, the EU harmonisation framework benefits from a number of excellent legislative tools that have proven themselves fit to handle changing technical requirements in an era of digitisation. In 2017, we focussed on maintaining this regulatory stability in the harmonisation legislation relevant for our industry, while continuing our regular dialogue with the Commission on practical aspects of improving and clarifying implementation guidelines.

In 2017 we focused in particular on the following legislation:

### Machinery Directive

#### **STATUS**

Commission currently evaluating the Directive within the framework of the Regulatory Fitness and Performance Programme (REFIT) – evaluation results expected April 2018.

**KEY ACTIONS**

- Communicated our [core policy statement](#) – the Directive works well and does not need to be revised; is also fit for purpose to address safety where machines embed artificial intelligence.
- [Commented on Commission's final evaluation report](#), including concrete examples of 'intelligent' machines used in our industry.
- Leading role as the industry representative to the EU institutions in all discussions on the Directive.

## Gas Appliances Regulation

**STATUS**

Published in 2016, set to apply in full from 21 April 2018.

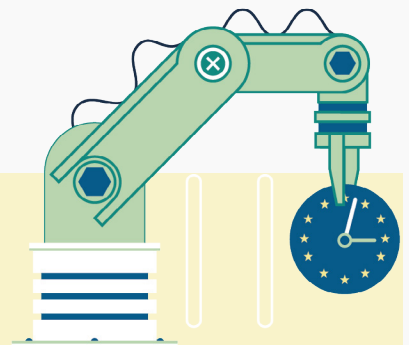
**KEY ACTIONS**

Orgalime's Guide of Interpretation released in November 2017.

## Pressure Equipment Directive / Simple Pressure Vessels Directive

**STATUS**

Directives have been aligned to the New Legislative Framework (NLF) – guidelines now being revised.

**KEY ACTIONS**

- Active contribution to Commission guidelines following NLF alignment – participated in all Commission meetings, tabled suggestions on interpretation issues.
- Orgalime acts as the main industry representative in Commission meetings open to all stakeholders.

## Low Voltage Directive (LVD)

**STATUS**

Commission released an evaluation roadmap in 2017 to assess whether the Directive continues to achieve its objectives, particularly in light of digitisation and the Internet of Things.

**KEY ACTIONS**

- Ongoing contact with the Commission to monitor and ensure citation of LVD standards in the Official Journal of the EU (OJEU).
- [Responded to Commission evaluation](#) with the message that the LVD remains fit for purpose in the digitisation era and does not need to be revised.

## Electromagnetic Compatibility Directive (EMCD)

**STATUS**

Commission to publish guide to application spring 2018.

**KEY ACTIONS**

Provided input to Commission guide: clarified Directive scope; ensured guide included only EMCD-specific requirements; aligned EMCD references with other EU legislation.

## Radio Equipment Directive (RED)

**STATUS**

Commission preparing/updating application guide – with rise of interconnectivity and digitisation in engineering, RED is increasingly on the radar of manufacturers.

**KEY ACTIONS**

- Ongoing contributions to the Commission RED application guide and interpretation documents on specific issues.
- Regular communication with Commission to raise concerns over issue of non-availability of harmonised standard citations in the OJEU that would entitle manufacturers to benefit from the presumption of conformity with EU law.
- Examining relationship of RED with other harmonised legislation – for example contributing on issues such as ‘combined equipment’ (‘non-radio electrical equipment functioning with radio equipment’).
- Publication of [guidance on manufacturers’ obligations](#) for the combination of a machine with radio equipment.
- Communicated [position on inductive and capacitive proximity switches and sensors](#), stating that these components are adequately covered by the EMCD and should not fall under the RED.

## Outdoor Noise Directive (OND)

### STATUS

Commission carrying out evaluation within the scope of the REFIT programme.

### KEY ACTIONS

- Contributed to the [Commission's scoping interview](#).
- Responded to [Inception Impact Assessment](#).



## Construction Products Regulation

### STATUS

Commission performing a back-to-back evaluation and impact assessment of the Regulation.

### KEY ACTIONS

Preparing the Orgalime contribution to upcoming online public consultation.

## STANDARDISATION POLICY

Efficient standardisation processes are vital for successful product design and for facilitating the demonstration of conformity with Union legislation – all the more relevant in a time of technological change. In 2017 we continued our work to enhance cooperation between policymakers and industry stakeholders, with the aim of upholding a flexible and effective approach at EU level that can accelerate the making available of quality standards.

Efficient standardisation processes are vital for successful product design and facilitating the demonstration of conformity with Union legislation.



## KEY ACTIONS

- Joint Initiative on Standardisation (JIS): After co-signing the Commission's JIS in June 2016, we provided input to the JIS Editorial Committee meetings throughout the year. 2017 also saw the first meetings of the Standards Market Relevance Roundtable (SMARRT), designed to improve information exchange and dialogue between the Commission and industry stakeholders.
- Call to save the New Approach: We were active throughout 2017 in calling to revive the 'New Approach' to technical harmonisation (also known as the CE marking system) – the most effective 'better regulation' technique for our industry for over 30 years. The Commission's increasingly bureaucratic procedure for examining harmonised standards before publishing their reference in the OJEU has the potential to impact the smooth operation of the Single Market: at present, over 500 adopted harmonised standards are being held from citation in the OJEU, depriving manufacturers of the presumption of conformity that would make it easier for them to place their product on the Union market.
- In March, we called on the Commission to reinstate a real dialogue with industry and restore manufacturers' confidence in the European standardisation system. While progress has been made in easing the backlog of non-harmonised standards, the root causes are yet to be resolved. •

# Trade & Legal



**Željko  
Pazin**



**Silvia  
Selandari**



**Jackie  
André**

## LOOKING BACK: HIGHLIGHTS FROM 2017

- Provisional entry into force of the EU-Canada Comprehensive Economic and Trade Agreement (CETA): Actively supported by Orgalime, this deal will eliminate tariffs for engineering products, simplify customs procedures and open up public procurement.
- Regulation on reporting requirements for conflict minerals: Published in May 2017, but with an exemption for downstream industries – as Orgalime had been calling for.
- Business-to-consumer contract for the online sale of goods: We promoted our position that EU regulation should not interfere in business-to-business contracts.

## LOOKING FORWARDS: PRIORITIES FOR 2018

- Defence of free trade: We will continue to stand up for a robust free trade policy internationally, for instance by advocating that trade defence instruments be used for their true purpose.
- EU-Mercosur trade negotiations: With talks set to gain further momentum this year, we will be active in calling for an agreement that will overcome tariff and non-tariff barriers to trade.
- Product Liability Directive: We will engage in a new expert group on the relationship between new technology and product liability.

# TRADE

The changes unfolding in industry and society are not only happening in Europe – the global landscape is also in flux. And with protectionism on the rise in some corners, the EU's defence of a robust free trade system is more important than ever. Orgalime is convinced that upholding and strengthening an open free trade policy will help European industry secure global leadership in the digital industrial era.

## Free trade agreements

Orgalime supports the European Commission's efforts to advance a trade liberalisation agenda through the multilateral, bilateral and plurilateral paths, for example through [our calls](#) to include a horizontal 'technical barriers to trade' chapter in ongoing and future free trade agreements (FTAs).

In 2017, we focused our attention on the following FTAs:

### CETA

#### **STATUS**

The Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada provisionally entered into force in September 2017, with full application pending ratification at national level.

#### **KEY ACTIONS**

Orgalime was very active in support of CETA in the period leading up to its ratification, keeping in close contact with the co-legislators throughout.

### EU-Mercosur

#### **STATUS**

Negotiations gained momentum in 2017, with the latest round kicking off in December.

#### **KEY ACTIONS**

In advance of the December round of negotiations, Orgalime called for agreement to overcome tariff and non-tariff barriers to trade – underlining the value of these markets for our industry, with EU-Mercosur trade totalling €18 billion per year.

Orgalime supports the European Commission's efforts to advance a trade liberalisation agenda through the multilateral, bilateral and plurilateral paths.



## EU-South Korea

### **STATUS**

Five years since FTA signed.

### **KEY ACTIONS**

Responded to Commission's call for stakeholder input to evaluate impact of FTA – underlining economic benefits and growth in bilateral trade, but expressing concern at remaining non-tariff barriers.

## TTIP

### **STATUS**

Future remains uncertain following change of administration in the US. The negotiations are currently on hold; however TTIP remains a key long-term priority for our industry.



# HORIZONTAL TRADE ISSUES

## Conflict minerals and raw materials

### STATUS

Published in May 2017, the Regulation on reporting requirements for conflict minerals has made reporting mandatory for upstream industries and most importers, but with an exemption for downstream industries.

The Commission has now developed guidelines and tools to encourage voluntary reporting for downstream companies with over 500 employees, and the Regulation will also recognise existing industry schemes aligned with the OECD guidelines.

### KEY ACTIONS

- Orgalime had called for this exemption for downstream industries earlier in the year.
- We [commented on the reporting guidelines](#), highlighting that they should follow the spirit of the Regulation with a voluntary approach for downstream industries.

## Trade defence instruments

### STATUS

The Commission has proposed a new anti-dumping methodology to take into account market distortions due to state interventions in third countries.

### KEY ACTIONS

- [Called for](#) trade defence instruments to be used for their true purpose – to counter the predatory behaviour of certain trade partners of the EU in specific situations and moments in time.
- Advocated for a transparent procedure for calculating anti-dumping duties, with a balanced approach between the interests of steel producers and users.

## Dual-use items

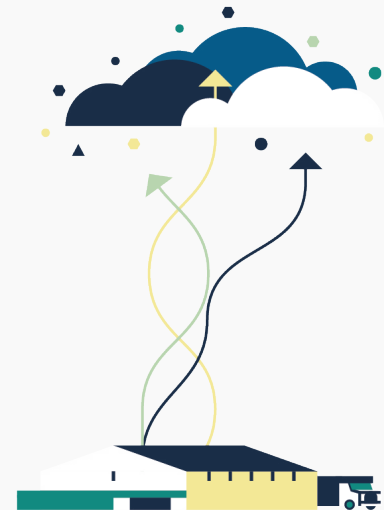
### STATUS

The Commission has proposed an update of the Regulation on dual-use items.

**KEY ACTIONS**

Questioned the opportunity of using this Regulation – which is designed to protect national security and prevent the proliferation of arms of mass destruction – as the best tool to protect human rights, and cautioned against unilaterally enlarging the scope of export controls.

The digitisation of industry has shone a spotlight on the legal framework governing the capture, use and flow of data.



## LEGAL ISSUES

The digital transformation of industry is prompting policymakers to re-examine certain aspects of the EU legal framework. We have been focusing our efforts on ensuring a stable regulatory environment that will continue to enable our industry to innovate and provide solutions to future societal challenges.

### Data

The digitisation of industry has shone a spotlight on the legal framework governing the capture, use and flow of data. Orgalime has been actively monitoring and contributing to all major policy debates in this sphere – key actions from 2017 are covered in the Industrial Policy & Digitisation chapter of this report.

## Product Liability Directive

**STATUS**

The Commission launched an evaluation of the Product Liability Directive in early 2017.

**KEY ACTIONS**

- Contributed to the public consultation in April – underlining our [key message](#) that we do not see a need to revise the Directive, as its technology-neutral provisions have created legal certainty while enabling technological development over the years.
- Regular contact with the Commission throughout the year where we continued to promote this view.

## Business-to-consumer contract for the online sale of goods

**STATUS**

Following the Commission's decision to shift its focus from the proposed 2011 Common European Sales Law (CESL) covering business-to-business contracts to a proposal for a Directive on online business-to-consumer contracts, the scope of the latter was enlarged in 2017 to cover not only online but also offline sales of goods. The proposal is now under review by the European Parliament.

**KEY ACTIONS**

Orgalime has been closely monitoring developments and advocating our position: EU regulation should not interfere in business-to-business contracts – and with adequate legislation in place to protect consumers, we question the need for a new Directive at all. •

# Research, Development & Innovation



Željko  
Pazin



Rozenn  
Maréchal



Jackie  
André

Research, development and innovation (RDI) are at the heart of our industry's transformation. And the ground-breaking products and systems emerging from Europe's engineering and technology companies are in turn delivering innovative solutions across sectors – answering the challenges faced by a changing society. This makes public funding of industrial research a win-win: targeted EU funding can strengthen the competitiveness of European companies, unlock added value through collaborative projects, and more rapidly bring the benefits of innovation to Europe's citizens. We advocate for an industrial strategy that recognises the importance of industrial collaborative RDI funding in delivering on this potential.

**LOOKING BACK: HIGHLIGHTS FROM 2017**

- Horizon 2020 mid-term review: We underlined the added value of funding under the Industrial Pillar of Horizon 2020 and argued for it to be strengthened going forward.
- Getting priorities right for Framework Programme 9 (FP9): We promoted our position that FP9 should continue to focus on collaborative industrial research, if the EU is to be consistent about pursuing an ambitious industrial strategy.

**LOOKING FORWARDS: PRIORITIES FOR 2018**

- FP9: As we enter into a crucial phase of the negotiations on the EU Multiannual Financial Framework (MFF), we will continue fighting to uphold and strengthen the funding allocated to collaborative industrial research.

## EU FRAMEWORK PROGRAMMES

Our work on RDI policy in 2017 revolved around the EU Framework Programmes for research and innovation. In the current Horizon 2020 programme, €17 billion of a budget of €80 billion over seven years is reserved for industrial technology development projects under the ‘Leadership in Enabling and Industrial Technologies’ pillar. Moreover, certain action areas under the ‘Societal Challenges’ pillar – related to energy, transport and resource efficiency, for example – are also very relevant to our sectors.

With 2017 marking the mid-way point of the Horizon 2020 programming period, the European Commission undertook a mid-term evaluation of the state of play. In parallel, debates on Horizon 2020’s successor – for now known simply as Framework Programme 9 (FP9) – are well underway. We have been actively contributing to all relevant discussions, promoting our key messages on industrial RDI.

**KEY MESSAGES**

- FP9 must clearly reflect the priorities of a forward-looking EU industrial strategy – RDI funding for digital industrial technologies can deliver real added-value to the jobs and growth agenda.
- The share of the EU budget allocated for FP9 should be increased to ensure sufficient funds to support RDI projects and boost long-term growth.
- Support for collaborative industrial research must be continued and reinforced under FP9, focusing on increasing the competitiveness of European companies.
- FP9 should continue to foster European consortia and cooperation, as this is where most European added value lies.
- The excellence principle should be maintained – this will ensure funding is reserved for projects that really boost Europe’s competitive edge.
- All types of innovation and innovation from companies of all sizes should be considered for funding.

- Public-Private Partnerships such as Factories of the Future are an effective way to tackle challenges affecting industry and society.
- Grants are needed to ensure excellent RDI – loans do not fulfil the same goals.
- Data confidentiality must be safeguarded in industrial research projects.

## KEY ACTIONS 2017

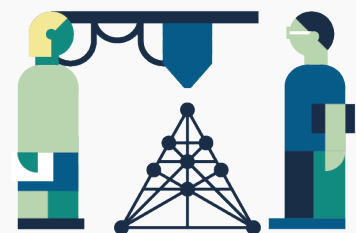
### Horizon 2020

- Responded to Commission's public consultation in advance of mid-term evaluation.
- Communicated [our position](#) on the Horizon 2020 mid-term review.
- Communicated position to European Parliament's ITRE Committee on Horizon 2020 evaluation and FP9 proposal report.
- High-level roundtable with MEPs and industry stakeholders at the European Parliament, co-hosted with European Forum for Manufacturing.

### FP9

- Communicated [our preliminary views](#) on the future shape of FP9.
- [Joint declaration](#) with 22 key industrial and research stakeholders, calling on the European institutions to develop an ambitious FP9 in support of EU industrial leadership.
- Orgalime Director General spoke at a Council Working Party on industry dedicated to innovation, underlining the link between the Commission's Industrial Strategy Communication and the need for continued focus on industrial research in FP9.
- Published [detailed overview of our position](#) on FP9, including opinion on the High-Level Group's 'Lab-Fab-App' report on maximising impact of EU RDI programmes – and stressing the importance of foregrounding Europe's industrial competitiveness in funding considerations.

FP9 must clearly reflect the priorities of a forward-looking EU industrial strategy.



# INNOVATION INITIATIVES ON THE RADAR

Throughout the year, we closely monitored and reported on the broader spectrum of EU RDI initiatives with relevance for the engineering and technology industries. Particularly in focus were:

- Contractual Public-Private Partnerships (cPPPs): Continued support for the European Factories of the Future Research Association, the Commission's partner for implementing the Factories of the Future cPPP.
- Joint Technology Initiatives: Joint Undertaking on Electronic Components and Systems for European Leadership (ECSEL) of particular interest for Orgalime's members.
- European Innovation Council (EIC): Careful monitoring of Commission plans to create a European Innovation Council – continued promotion of focus on collaborative industrial innovation and its relationship to the market.
- European Institute of Innovation and Technology (EIT): Following progress of plans announced in March to re-launch the competition for a new innovation community EIT Manufacturing, and one on Urban Mobility.
- European Technology Platforms (ETP): Particular focus on ETP Manufuture, where a number of Orgalime members participate.
- European Innovation Projects (EIPs): Tracking progress of EIPs on relevant topics such as raw materials and smart cities. •





# Orgalime Partnership



Olivier  
Janin



Pierre  
Lucas



Diederik  
Peereboom



Anne-Claire  
Rasselet



Laure  
Dulière



Claire  
Grossmann



Ioana  
Smarandache



Georgiana  
Huiban



Marina  
Guajardo



Alina  
Burlacu



Christelle  
Vandermeuter



The Partnership is the Orgalime department working directly with the sector associations of the engineering industry. By connecting with 20 associations, it forms the strongest European sector platform in engineering. With a multidisciplinary team of advisers, it offers tailored services ranging from monitoring and advocacy to association management, communication and strategy.

The Orgalime Partnership was created more than 15 years ago to meet the needs of various engineering sector associations: a Brussels representation, targeted information, visibility and recognition as the voice of their sectors, and advocacy for regulation and policy. Now with its team of 11 dedicated staff, it offers services to 9 associations (both Orgalime members and non-members) and a full secretariat to another 11.

**15**  
YEARS IN  
OPERATION

**20**  
ASSOCIATIONS  
SERVED

## ASSOCIATIONS SERVED

The Orgalime Partnership offers services to:



AREA  
Air conditioning  
and refrigeration  
contractors



CECAPI  
Low voltage equipment



CEIR  
Taps and valves



CEMEP  
Electrical machines and  
power electronics



CEO  
Hand tools and anchor  
fixings



EFCM  
Catering equipment



EGMF  
Garden and turf  
equipment



EIA  
Irrigation



EIFI  
Fasteners



EPTA  
Power tools



ESMIG  
Smart energy solution  
providers



EURALARM  
Fire & security systems



EUROPACABLE  
Wire and cable



EUROPUMP  
Pumps



EUROVENT  
Refrigeration, air  
conditioning, air  
handling, heating and  
ventilation



FEM  
Materials handling,  
lifting & storage



FEM-IS  
Materials handling –  
intralogistic systems



GCP Europe  
Heating, ventilation,  
air conditioning and  
plumbing contractors



Pneurom  
Compressors,  
vacuum pumps,  
pneumatic tools and  
air & condensation  
treatment equipment



T&D Europe  
Electricity transmission  
& distribution  
equipment and  
services

# HIGHLIGHTS OF 2017 – ADAPTING TO A CHANGING INDUSTRY

The engineering industries are undergoing a serious transformation: they are embracing digitisation and responding to the biggest challenges our society is facing today – proving their innovative strengths as solution providers and system leaders. In the Orgalime Partnership, we make it our priority to support our sectors through this transformation, adapting our services and initiatives accordingly.

## New communication tools

- We organise dedicated webinars on broad policy areas to cover cross-sectoral issues and provide updates, explaining the next steps and the possible implications for engineering sectors. These are now part of the Monitoring Package – our tailored regulatory monitoring service – and complement the Information Bulletin and early warnings.
- Briefing Notes are now also a part of the Monitoring Package, providing full analysis and explanations on new initiatives or adopted legislation.
- On-request regulatory updates for internal meetings can now be arranged for all the issues covered by Partnership advisers, consisting of a personalised presentation for the sector requesting them.
- Industrial policy and digitisation are new topics monitored by our advisers, including developments in artificial intelligence, cybersecurity, free flow of data and online platforms.
- Our sector associations are adapting to the real-time communication demanded by social media channels, as Twitter and LinkedIn become an increasingly important way to connect with members, policymakers and the general public.

## Initiatives of our sectors

The role of the Orgalime Partnership is to act in the best interest of our sectors, by identifying their specific needs and challenges and creating a tailored approach to address these. The support provided by the Partnership team can take a variety of forms: from launching completely new and innovative initiatives, to leading or joining projects and campaigns, creating or feeding into policy papers, analysing data, organising meetings and events – and much more besides. Moreover, the Orgalime Partnership facilitates the contribution of the sectors to the work of Orgalime and helps ensure good cooperation and exchange of information on issues of shared interest.

The following examples highlight where the expertise of the Orgalime Partnership team and the added value of our cross-sector network have enabled our associations to undertake new initiatives and collaborate to amplify their voice on key issues:

## Connecting with young talent

- FEM has launched the Smart Logistics Challenge, a student competition designed to connect with university students by giving them the chance to put forward their ideas on the most exciting trends transforming the industry.

## App launch

- AREA has launched an app designed to serve as a calculation tool for refrigeration and air conditioning contractors in the field.

## Taking the lead

- ESMIG is advocating for a European approach to security certification of smart meters: they identified security requirements in all European countries, based on which they created a set of minimum requirements that was later published by the Task Force Privacy and Security of the CEN/CENELEC/ETSI Working Group.
- T&D Europe organised a breakfast in the European Parliament to promote the essential role of electricity grid technology in saving energy and in integrating a higher share of renewable energy into the network.

## Guiding the members

- FEM cooperated with Orgalime on the elaboration of a guide on the obligations of manufacturers of machinery combined with radio equipment.
- EGMEF, FEM, CECE, CEMA, EUnited Municipal Equipment and EUROMOT created a joint FAQ publication on the NRMM Regulation 2016/1628.
- FEM IS published a guidance document to calculate the energy performance of certain types of intralogistics systems.
- AREA created an FAQ on pre-charged air conditioning equipment.

## Together we are stronger

- Orgalime and most of the Orgalime Partnership sectors contributed to the launch of a large-scale industry campaign supporting an ambitious EU industrial strategy.
- Orgalime Partnership sectors contributed to the work of Orgalime in many areas, including: the Machinery Directive, the Outdoor Noise Directive, the Radio Equipment Directive, market surveillance, digitisation, REACH, EPBD – to name some examples.
- CEIR and EUROPUMP have intensified their cooperation ahead of the upcoming presentation of a European Commission proposal on the revision of the Drinking Water Directive.
- EGME, FEM, CECE, CEMA and EUnited Municipal Equipment prepared a joint industry position paper on the future Regulation on road circulation requirements for mobile machinery.
- ESMIG and T&D Europe organised a joint policy workshop during European Sustainable Energy Week 2017 on ‘Free flow of Energy Data: empowering consumers and improving network management’. The objective was to highlight how the use of data from smart meters and grid equipment beyond the meter helps to manage the electricity network and save energy.
- Both drivers of electricity grid technology in Europe, T&D Europe and Europacable have teamed up for their first joint policy event ‘Better Grids for Clean Energy’ covering transmission network interconnection issues and the industry initiative for developing a smartness indicator for the electricity grid. •

## A stylized illustration depicting digital communication and data exchange. On the left, a yellow signal tower with a yellow sphere on top emits white concentric arcs representing radio waves. Two stylized human figures, one in a blue shirt and one in a green shirt, stand near the tower. In the upper left, a blue Twitter bird flies above a green cloud. In the center, a large white shield-like shape is composed of a grid of green and white squares, with a green arrow pointing towards it from the left. To the right of the shield, a person in a blue shirt sits at a desk with a computer monitor. Further right, two more stylized human figures stand; one is wearing glasses and holding a tablet. Above them are speech bubbles containing the European Union flag and a Facebook 'like' icon. On the far right, a person in a white lab coat and green shirt holds a tablet, with various geometric shapes (circles, triangles) floating around them. In the upper right, another blue Twitter bird flies above a yellow cloud. White concentric arcs representing radio waves are also shown above the person at the computer. The entire scene is set against a light gray background with a yellow ground plane.



# Anna Dunne

Elsewhere in this report we have read how our sectors are undergoing a profound transformation, enabling innovations that can respond to the changing needs of society. But there is also a shift taking place in the way we as an industry association talk about these evolving dynamics – and this is prompting a rethink of not only how we communicate, but also why we communicate.

# THE HOW: DIGITAL, SOCIAL, MULTIMEDIA, INTERACTIVE

It may be a cliché to say there has been a radical shift in how we communicate today – but that doesn't make it any less true. People are constantly connected, news cycles are accelerating, and the sheer volume of content flooding all channels can be overwhelming. How can we ensure Orgalime's messages are heard above the noise?

## Digital

To connect with as broad an audience as possible, we need to tailor our communications to the realities of how people consume content today. For us, this means thinking 'digital first' when it comes to publications. From annual reports to our updated [Vision Paper](#), online publications allow us to extend our reach, can be easily shared, and offer a more engaging user experience. 2017 also saw an overhaul of Orgalime's three [newsletters](#): featuring a fresh look and feel, a revamped format delivers a compact overview direct to subscribers' inboxes – and for those who want to dive deeper into a topic, details are just a click away.

## Social

By beefing up our presence on key social media channels, we aimed to bring Orgalime's work closer to the audiences who matter in 2017. On Twitter, in addition to the [central Orgalime account](#), our policy departments have continued to build communities around the issues that matter most in their fields: from [Internal Market & Standardisation](#) to [Energy & Environment](#), [Trade](#) to [R&D&I](#). Moreover, we have expanded our activity on [LinkedIn](#), with this platform proving particularly useful in connecting with our industry network – for example, through group forums where members can share content and comment on current topics.

## Multimedia

To stand out in a crowded online environment, multimedia content is essential. We have been stepping up our efforts by deploying a more visual approach to presenting key messages, creating [original video content](#), and continuing our [Manufacturing at Heart](#) podcast series – all of which can bring Orgalime's messages and the stories from our industry to life in a unique way.

## Interactive

Needless to say, there are times when nothing can beat the personal interaction of meeting at an event. Yet digital and social tools have a role to play here, too, helping to make the most of these ‘real-life’ opportunities by inviting engagement on-site and laying the groundwork for follow-through that lasts well beyond the day itself. From live audience polling, to conversation-provoking Twitter walls, to a video booth where attendees can record their thoughts on event themes and share them directly with the world – these are some examples from our events this year that show how the interaction between the digital and physical worlds can transform the business of communications, too.

There is an increasing awareness that effective communication is an integral part of the awareness-raising and consensus-building that is central to advocacy work more generally.



## THE WHY: USING COMMUNICATION TO DO MORE

As mentioned at the outset, this time of change is also prompting a re-examination of why we communicate. How can the way we talk about our industry and the challenges and opportunities we face help us reach our goals as an association? Gone are the days when the communications function was simply an add-on or a ‘nice to have’; today, there is an increasing awareness that effective communication is an integral part of the awareness-raising and consensus-building that is central to advocacy work more generally.

As we look to the future, the challenge will be to cut through the noise of a crowded media landscape to ensure our messages are heard by all key stakeholders. And with our industry at the vanguard of innovation shaping Europe’s future for the better, we have a great story to tell. ●



# Publications



Željko  
Pazin



Jackie  
André



Silvia  
Selandari

Orgalime's Legal Affairs Working Group produces legal publications to provide engineering companies with practical tools to support their day-to-day work. Our first legal publication was issued in the 1950s and we currently offer 25 titles, which are updated in line with new or revised legislation. Thousands of companies in Europe and around the world make use of these resources – a testament to their continued success.

# PUBLICATIONS TO MEET OUR INDUSTRIES' NEEDS

Our legal publications provide companies with contractual solutions for business-to-business relations – with use cases ranging from product supply, product installation, repair and maintenance, to agency contracts, distributor abroad contracts and so on. All have been drafted to reflect the normal contractual practice in our industries. It should be noted that Orgalime represents the interests of both buyers and sellers, licensors and licensees, as the engineering industry is its own main customer.

Our publications fall under three main categories: general conditions, model forms and guides.

## General conditions

Designed for use in business-to-business contexts, these standard documents can be used by parties simply by adding a reference to them in their contracts. In practice, these general conditions are included as part of offers and orders. The bestseller remains the S 2012 for the Supply of Mechanical, Electrical and Electronic Products.

New releases in 2017:

### [General Conditions for Maintenance of Mechanical, Electrical and Electronic Equipment \(M 17\) and General Conditions for the Repair of Mechanical, Electrical and Electronic Equipment \(R 17\)](#)

Replacing the old M 2000 and R 02 conditions respectively, these two publications clarify certain issues such as liability and responsibilities for the parties involved. The updates also harmonise the two documents, as they address two separate but similar situations. These publications are available in English, German and French.

## Model forms

Orgalime's model forms provide practical assistance in drawing up contracts, which cannot be standardised to the same extent as general conditions. Compliant with all applicable laws, including competition rules, these forms can be customised by the parties involved in line with their requirements.

Recently published:

## Model Form of Exclusive Agreement with Distributors Abroad

Updated last year, this model form is suitable for distribution agreements with distributors operating both within and outside of the European Union (EU) and European Economic Area (EEA). A bestseller for many decades, it continues to be one of our most widely used publications. This new version reflects changes in EU competition law and is now available in English, French, German, Danish and Swedish.

## Model Form for an International Technology Licensing Agreement Between Non-Competitors (for use in EU/EEA only)

Updated in 2017, this model form addresses international technology licence agreements applying to the transfer of technology inside the EU and the EEA. Another model for agreements outside the EU and EEA already exists. This latest release takes into account the new EU competition rules for technology licensing agreements (Regulation 316/2014).

## Guides

Orgalime guides provide information on a range of topics of importance for the engineering industries – from explanations on the scope and application of EU Regulations and Directives, to detailed commentary on the S 2012 supply conditions.

Thousands of companies in Europe and around the world make use of Orgalime legal publications - a testament to their continued success.



## SUCCESS STORIES

### **An association staple: the model Code of Conduct for competition law**

Over 40 European and national associations in the engineering sector use the Orgalime Code of Conduct for competition law, which aims to provide clear rules to associations and companies to limit the risk of heavy fines from competition authorities. The code is also binding for all Orgalime members participating in Orgalime working groups.

### **Flexible and comprehensive: the Orgalime Turnkey Contract for Industrial Works**

Addressing the delivery of full industrial installations or plants, this contract remains one of our most comprehensive publications to date. Parties can easily adapt the contract in line with their requirements, making it suitable for a wide variety of industrial work, and it is a balanced document for both purchasers and contractors. The publication is available in English, French and Spanish.

## UPCOMING RELEASES

The following new legal publications will be released in the coming months: Supplementary Conditions to Orgalime S 2012 for Minor Installation Work (MI 18), Conditions for Standard Goods, and Model Contract for Technical Consultancy Services.

## LANGUAGES

Most of our publications are available in several languages, usually in English, French and German. Our S 2012 General Conditions are available in 16 languages, including Turkish, Russian and Chinese.

## FIND OUT MORE

Further information on the legal publications, language availability and how to order can be found on [our website](#). A full list of available publications can be downloaded [here](#). Companies that would like to attach an electronic version of Orgalime's General Conditions when sending tenders and contracts by email to their customers and suppliers must obtain a special licence agreement with Orgalime to do so. These licensing agreements can be obtained through our [licensing website](#). •



# Members

## AUSTRIA



FEEI

**METALTECHNOLOGY  
AUSTRIA**

FMTI

## BELGIUM

**.AGORIA**

AGORIA

## BULGARIA



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CEA

CROATIAN  
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ASSOCIATION



HGK

## DENMARK



Confederation of Danish Industry

DI

## FINLAND



Technology Industries  
of Finland

Technology Industries of Finland

## FRANCE



FIEEC



FIM



VDMA

## GERMANY



Wirtschaftsverband Stahl-  
und Metallverarbeitung e.V.

WSM



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IEEF

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ANIE



**ANIMA**

ANIMA

## LATVIA



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Association of Mechanical Engineering and  
Metalworking Industries of Latvia

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LINPRA

## LUXEMBOURG



Fedil Metal

## THE NETHERLANDS



FME



METAALUNIE

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**Norsk Industri**  
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Norsk Industri

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AIMMAP

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GZS-MPIA

## SPAIN



SERCOBE



SWEDEN



SWITZERLAND



UNITED KINGDOM



## Associate Members

TURKEY



EUROPE



EUROPE





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