

BUSINESS REPRESENTATION IN THE EEC

Building Materials Council - 14 June 1973

1. INTRODUCTION

- a) The Building & Construction Industry in the context of Irish industry
- b) Why representation?
- c) What type of representation - the legislative and policy procedure
- d) The present organisation, and resources
- e) Some current preoccupations

2. THE BUILDING & CONSTRUCTION INDUSTRY IN THE CONTEXT OF IRISH INDUSTRY

National output expected to gain by 5½% in 1973.  
 Industrial output expected to grow by 8%  
 Increase was 7½% in last quarter of 1972 over the previous year.

|                        |      |              |
|------------------------|------|--------------|
| Coming out of trough : | 1968 | 10%          |
|                        | 1969 | 7½%          |
|                        | 1970 | 3%           |
|                        | 1971 | 4%           |
|                        | 1972 | 5½%          |
|                        | 1973 | 8% estimated |

Exports + 40% Jan - Apr. 1973; Exports to EEC + 100%

Imports + 36% Jan - Apr. 1973

Home retail sales + 4% volume 1972.

Fastest growing in 12 years :

|       |             |           | <u>Annual Growth</u> |
|-------|-------------|-----------|----------------------|
| 1.    | Mining      | Index 338 | (10%)                |
| 2.    | Cement      | " 308     | ( 9%)                |
| 3.    | Chemicals   | " 278     | ( 8%)                |
| 4.    | Textiles    | " 228     | ( 7%)                |
| 5.    | Engineering | " 217     | ( 7%)                |
| <hr/> |             |           |                      |
|       | Overall     | 207       | 6%                   |

Prospects Favourable

- a) Multiplier from agriculture - fertilisers, engineering etc.
- b) Business confidence higher than at any time since 1968
- c) Devaluation
- d) New foreign industries
- e) Growth budget : + 27% increase in capital budget will help construction; higher social welfare will help food.

Building & Construction      12.4% of GNP

Increase last year 72/73 over 71/72 : 15% in value  
or over 6% in volume

Housing output target up over 20% for 1973/74 to 25,000

|            |                |                                      |
|------------|----------------|--------------------------------------|
| Employment | 85,000         | Building & Construction              |
|            | 20,000         | Material manufacturers and suppliers |
|            | <u>105,000</u> |                                      |

There are 968 manufacturing units, and 5,230 building contractors.

2. WHY REPRESENTATION ?

Aim to create an environment within which firms can develop profitably.

This requires negotiation on Government and Commission policies and legislation well before it comes into effect.

If we can have knowledge of, and influence policy and legislation two years or more before it comes into force, then we will have time to adapt at least as fast as our competitors.

### 3. EEC PROCEDURES

Let us look at how decisions on regulations and directives are made. There are three major stages :

1. Preparatory phase when proposal is prepared
2. Discussion on the draft proposal
3. Decision by Council of Ministers

At the preparatory stage of a proposal effecting industry an expert group within the Commission will prepare a working document, and consult directly with industrial representative organisations. These may include UNICE, which is the Confederation of Confederations within the Community, or specialised sectoral organisations varying from the Construction Federation, to Eurofab for Prefab Buildings or the Clay Products Association. In all the Commission recognises formally about 200 different industrial consultative organisations.

The intergovernmental groups from departments of industry and commerce, or local government, are also invited to comment at this preparatory stage. Both the industrial organisations, and civil service groups will check back to their members in the nine countries for comment. Having received these representations the Commission will eventually prepare a proposal.

Irish industry, therefore, is involved at the same stage as our civil servants in commenting on draft legislation - providing we are part of the recognised European negotiating associations, federations and confederations, and we have no choice but to be. Generally Ireland has equal representation with other countries on these committees.

The impact of the Irish representations will be a function of the quality of the case prepared and the personal ability of the Irish representative when he attends meetings. The CII is a member of UNICE, most of its Federations and about 40 Associations are linked with their European counterparts. The Irish Business Envoy employed by CII, FUE and the Chambers of Commerce has been operational in Brussels since last October, and is permanent representative to UNICE. I have no doubt that this level of permanent industrial representation is but a start, and will have to be extended considerably at much cost to Irish industry over the next few years.

The second stage is to discuss the proposal. Draft proposals are sent to two institutions for comment. These are the :

Economic and Social Committee and the European Parliament. The Economic and Social Committee is particularly important from the industrial viewpoint. It is the only Community Institution on which industry is directly represented. Ireland has 9 members out of 144 (or 6.3%). These 9 members are appointed by the Commission : 3 from industry and commerce, 3 from the trade union movement, and 3 from agriculture, banking and the professions. The appointments will be made by the Commission on the basis of recommendations from the Irish Government. These are unpaid positions, members are appointed in their personal capacity but this is a very important body for Irish industry. (Niall Ebrill, P. Loughry & G. Byrne). The Commission pays particular attention to the opinions expressed by the Economic and Social Committee and modifies its proposals accordingly. There is a direct link between UNICE - representing the Confederations of industry -

and the employers group on the Economic and Social Committee. The October Summit meeting extended the powers of the Economic and Social Committee so that it will now be able to initiate proposals, and send them to the Commission. The Economic and Social Committee will, therefore, have power, not only to comment on proposals coming from the Commission, but also to initiate proposals itself.

Industry can also have an impact through T.D.'s who will be members of the European Parliament which is also consulted on draft proposals.

After the consultative process the Commission amends the proposals, and sends them to the Council of Ministers for decision. This is the third stage. The relevant Irish Minister is a member of the Council - depending on the subject under discussion. The Council may have further examination carried out by the Committee of Permanent Representatives made up of the Ambassadors to the EEC, before finally passing the proposal as a regulation or directive.

There is, therefore, a fairly elaborate system for developing legislation and community policy regarding industry. The important thing to realise is that industry has the opportunity to comment at a very early stage, through its Associations, Federations and Confederations; through representation on the Economic and Social Committee; through Government Departments; and through the elected representatives in the European Parliament, and the Council of Ministers. Ireland has only 1.2% of the Community population, but it usually has between 5% and 11% of the voice in decision making. We have gained the power. We must use it effectively.

4. PRESENT ORGANISATION

As well as Paddy Jordan

Estimate that every day there is at least one staff member, or a member firm in Brussels attending a representative meeting.

The total cost of this is £150,000 per year + £25,000 for the Brussels office. I would estimate that Irish industry spent about £250,000 on home representation in 1972. Its total representation burden has, therefore, increased by 70% because of EEC.

Have applied to Department of Industry & Commerce for 50% grant.

Also a large number of industrial firms send out representatives for exploratory discussions - well worth while.

e.g. Social policy, regional, building material harmonisation, Community research contracts, marriage bureau.

Also visits to Ireland by Community officials.

Close link with Government Departments.

5. SOME CURRENT PREOCCUPATIONSa) Regional Policy :

Draft fund proposals will be prepared at the end of this month.

CII has spoken at UNICE, and to EEC Commissioners - Thomson and Hillery re 1000 million u.a. fund - Ireland to get £40m.

How will it be used?

i.) Infrastructure - Transport & Communications

ii.) Industrial incentives : Programme v Project

b) Social Policy

Creation of employment through training and re-training.

£180 m. fund.

Industry to apply. Projects required. Criteria important. CII has representative on Social Fund Committee which is tripartite.

- c) FEOGA fund : Supplementary for food processing.  
Placement of agricultural workers.
- d) Transport : 11 ton axles v. road fund.  
Include sea transport.
- e) Industrial Policy
  - a) Non tariff barriers  
Technical obstacles  
Harmonisation  
Building Materials now included in the  
harmonisation schedule to be completed by  
31/12/77.  
Work starting immediately.
  - b) Right to tender for public contracts in the  
Community.  
5% cross trade in this field v. 30% in private  
field.  
Greater than £25,000 must be advertised.
  - c) Intra Community dumping.

CONCLUSION

Each industry must be heavily involved with Government Departments and with its representative association where this can be identified e.g. Eurofab, Clay Products, Wood Industries, Ceramics, Structural Steel European Convention, British Building Material Producers.

This is an essential part of business activity - for market intelligence, product development and self preservation.

Liam Connellan

14 June 1973