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NOTE

From: Presidency
To: The High Level Working Group on Competitiveness and Growth
Subject: Industrial policy: measuring and monitoring future developments

Delegations will find in Annex a Presidency discussion paper on Industrial policy: measuring and monitoring future developments, in view of the meeting of the High Level Working Group on Competitiveness and Growth on 9 November 2017.

Industrial policy: measuring and monitoring future developments

EU industries and related services are currently undergoing a transformation process. New production technologies and new business models are changing Europe's industrial and business landscape and play an increasingly important role in determining the ability of European business to compete globally. They may also have a deeper impact on the nature and availability of work. The contribution of services to the value-added of EU industry is increasing. The future of Europe's industrial base will depend on its ability to continuously adapt and innovate by investing in new technologies and embracing changes through increased digitisation and the transition to a sustainable low-carbon and circular economy. At the same time, global competition is more intense than before and the benefits from globalisation and technological progress are unevenly spread across our economy.

On 13 September 2017, the Commission presented a Renewed EU Industrial Policy Strategy¹, which builds on: i) a deeper and fairer single market, empowering people with better skills; ii) embracing digitalisation; iii) building on our leadership in sustainable low-carbon and circular economy; iv) investing in the industry of the future; v) supporting industrial innovation; and vi) international dimension.

The communication repeats the Commission's aspiration to raise the contribution of industry to GDP to as much as 20% by 2020. It also lays its focus on the measures deliverable in short term. With regard to long-term objectives, it paves the way for cooperation between the EU, Member States, including sub-national level and industry itself. The Commission intends to establish an open, inclusive and collaborative dialogue through an annual Industry Day and a High Level Industrial Roundtable, which is to be set up during 2018, in order to adapt the strategy to changing needs of industry in the medium and long term.

¹ COM(2017)479

European industry needs a future-oriented long-term policy, which would take into account the strengths, and diversity of the current industrial base across member states, and capture the opportunities in the megatrends that can be identified already today in the fields of digitalisation, energy, sustainable technologies. In partnership with Council and Member States (including the sub-national level) and EU Industries, the Commission should take the lead to develop medium to long-term objectives for EU industrial policy.

In order to effectively monitor the implementation of the EU Industrial Policy Strategy we should develop comprehensive set of indicators and proper governance structure. Indicators need to be coherent with the longer-term objectives of the EU industrial strategy, feasible in terms of data availability and relevant with the changing nature of industry.

Based on existing data it is the objective to identify a compact and consistent set of indicators which quantify:

- The degree of progress in reaching the goals of the Industry Strategy
- The relative competitive position of European Industry in the global context
- Steps taken to implement the strategy

The regular and consequent monitoring should reflect whether the fields of action and steps taken are appropriate to reach the envisaged goals and if the strategy should be adapted according to the evolving conditions faced by industries.

A number of indicators are already available from international organisations and Eurostat. For example, the Competitiveness Scoreboard used by the HLG already developed approaches using a broad collection of indicators that could be used as a first step for the development of a monitoring framework for the industrial strategy. In addition, stakeholders have proposed a set of possible indicators to supplement the 20% of GDP manufacturing target².

² Coalition #Industry4Europe <http://www.unife.org/news/170-for-an-ambitious-eu-industrial-strategy-going-further.html> and with concrete proposals BusinessEurope “Building a Strong and Modern European Industry” https://www.busineurope.eu/sites/buseur/files/media/reports_and_studies/building_a_strong_and_modern_european_industry_-_compressed_for_web_and_sending.pdf

The monitoring should also build on the experience of Member States in setting national objectives and indicators for measuring progress of their national industrial policy strategies and action plans.

Question 1: What would you consider the most important long-term objectives of the EU industrial strategy?

Question 2: How could we translate these objectives into indicators to measure the progress? What should be the optimal number of indicators and their time horizon?

Question 3: What are the critical components of effective governance structure, keeping in mind all the relevant “bodies”: High Level Industrial Roundtable, Industry Day, EU Council and Parliament formations?
