



**COUNCIL OF  
THE EUROPEAN UNION**

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to: Competitiveness Council  
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Subject: Draft Council conclusions on Industrial Policy Communication update: A  
Stronger European Industry for Growth and Economic Recovery

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1. On 10 October 2012, the Commission released a Communication on "Industrial Policy Communication update: A Stronger European Industry for Growth and Economic Recovery".
2. On 29 October 2012, the Presidency presented draft conclusions on this communication, to the Working Party on Competitiveness and Growth. The Working Party discussed the draft conclusions on 29 October, 12 and 20 November 2012. Discussions resulted in a general consensus on the text but still with some reservations from delegations.

3. On 28 November 2012, the Permanent Representatives' Committee examined the outstanding issues blocking complete agreement on the text. After discussion several compromises were reached and a certain number of reservations have been lifted. Nevertheless, two reservations still remain as listed below:

- Paragraph 5 : FR reservation
- Paragraph 9 : NL scrutiny reservation

4. The Council is invited to examine the outstanding issue mentioned under 3) with a view to the adoption of these conclusions at its meeting on 10-11 December 2012 as set out in the Annex to the present Report and as possibly amended following the examination of the outstanding issue.

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**Draft Council conclusions on Industrial Policy Communication update: A Stronger European Industry for Growth and Economic Recovery**

On the basis of the European Council conclusions of 28-29 June 2012<sup>1</sup> which, within the Compact for growth and jobs, calls for urgent measures to make the EU more competitive as a place of production and investment, and the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of Regions, Industrial Policy Communication update: A Stronger European Industry for Growth and Economic Recovery<sup>2</sup>,

THE COUNCIL OF THE EUROPEAN UNION agrees on the following:

1. UNDERLINES the importance of the EU's industrial competitiveness and its world leadership in many industrial sectors, and RECOGNISES the major contribution that EU manufacturing industries can make to recover from the economic crisis, in tandem with industry related services, strengthening the longer-term competitiveness of the EU economy and anticipating future changes;
2. WELCOMES the Communication from the Commission entitled “Industrial Policy Communication update: A Stronger European Industry for Growth and Economic Recovery” that emphasises the crucial importance of strengthening industrial competitiveness to underpin growth and jobs and to facilitate the transition to a low emission and resource-efficient economy, in order to contribute to the Europe 2020 strategy;

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<sup>1</sup> 76/12

<sup>2</sup> 15168/12

3. INVITES the Commission to identify and propose measures and strategies with European added value in order to boost the high innovation and productivity growth potential of EU industry and to work with the Member States to ensure these are applicable to largely different national situations; INVITES the Commission, Member States, and Regions in the light of the current economic challenges to apply a broad and coherent industrial policy approach for competitiveness, sustainable growth and jobs, and to better seek synergies and coherence between all relevant EU policies such as: SMEs, cohesion, trade, research and innovation, environmental, climate, energy, transport, ICT, consumer, competition and state aid policies; Industrial Policy has to take care that no unnecessary burdens are created by new EU regulation in various policy areas;
4. RECOGNISES the contribution that all industrial sectors can make to the European economy; EXPRESSES concern over existing hurdles to industrial competitiveness, including relatively higher energy prices compared with other developed economies which affect European industries negatively, in particular in energy-intensive sectors; WELCOMES the recently adopted communications on Construction<sup>3</sup>, Security<sup>4</sup>, Cultural and Creative sectors<sup>5</sup> and the Automotive sector<sup>6</sup>, and for the aforementioned sectoral initiatives:
- INVITES the Commission, Member States and sectoral organisations to consider the measures proposed in the “Construction 2020” Communication through the High-level tripartite Strategic Forum, in particular for stimulating investment, innovation and sustainability in construction;

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<sup>3</sup> 13186/12

<sup>4</sup> 13050/12

<sup>5</sup> 14256/12

<sup>6</sup> 15962/12

- EMPHASISES the need for a better functioning internal market for security products and technologies with a view to enhancing the competitiveness of the sector, whilst respecting that national security remains the sole responsibility of each Member State, and INVITES the Commission, in close cooperation with Member States, to ensure the efficient implementation of the actions laid out in the respective Communication;
- INVITES the Commission and Member States to encourage national and cross-border partnerships between designers and manufacturers and to develop the right regulatory environment;
- UNDERLINES the importance of the EU automotive industry as a major contributor to growth and employment in the EU; RECOGNISES a deterioration in the situation of EU automotive markets, leading to high pressure on certain production capacities; CONSIDERS FAVORABLY the appropriate implementation of the Action Plan, including short-term actions, articulated around the four pillars of : investing in advanced technologies and financing innovation, improving market conditions, enhancing competitiveness on global markets (including through the conclusions of balanced trade agreements) and anticipating adaptation.

Also STRESSES the importance of the Commission's initiative to set up a High Level Roundtable to consider the challenges facing the steel industry and to develop an agreed action plan;

5. EMPHASISES the urgent need for new investments in EU industry, taking into particular account the six fast growing areas for priority actions<sup>7</sup> identified in the Communication; Investment should focus on innovation, including non-technological innovation, social and eco-innovation, safe and sustainable new energy, resource-efficient and environmental technologies in order to best prepare EU industry for the so-called "third industrial revolution" and reap the opportunities for future sustainable growth; WELCOMES the Commission's ambition to reverse the current downward trend of the contribution of industry to EU GDP, and TAKES NOTE of its stated aspirational goal of raising the share of industry to 20 % of GDP by 2020<sup>8</sup>;
6. UNDERLINES the need to translate EU research into industrial advantage to cover the entire value-chain, and to focus on bridging the gap between research results, experimental development, innovation, and manufacturing and commercialisation in Europe and to develop demand side approaches and initiatives; STRESSES the importance of facilitating the involvement of businesses, including traditional industrial sectors and SMEs in Horizon 2020 and COSME programmes; STRESSES the role of world-class clusters and strong EU networking activities as key components of EU industrial competitiveness, drivers of innovation, technology diffusion and knowledge spillovers; INVITES the Commission together with Member States and Regions to promote cooperation between all stakeholders to deliver the industrial policy agenda and help the uptake of new technologies, innovation and investments;

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<sup>7</sup> i) Markets for advanced manufacturing technologies for clean production  
ii) Markets for key enabling technologies  
iii) Bio-based product markets  
iv) Sustainable industrial policy, construction and raw materials  
v) Clean vehicles and vessels  
vi) Smart grids

<sup>8</sup> **FR** reservation "and **ACKNOWLEDGES** ~~TAKES NOTE~~ of its stated **objective** aspiration of raising the share of industry to 20% of GDP by 2020"

7. RECOGNISES the investment/business opportunities that the Single Market offers, and UNDERLINES that the regulatory environment needs to be clear and consistent so as to provide EU businesses with the legal certainty to market their goods and services everywhere in the EU as they do in their domestic markets; ACKNOWLEDGES the need to create a better regulatory environment for EU companies; by using all the relevant instruments including, where appropriate, harmonisation as well as mutual recognition; RECOGNISES the need to complete the single market for energy and implementing the digital agenda; WELCOMES the Commission's intention to take measures in order to strengthen the Single Market notably for industrial goods, in particular through improved market surveillance, and the strategic implementation of EU standardisation;
8. WELCOMES the Commission's intention to carry out pilot "horizontal sectoral" fitness checks starting with petroleum refining and aluminium sectors; INVITES the Commission to take forward further initiatives together with Member States, businesses and other stakeholders to reduce regulatory burden and boost the high innovation and productivity growth potential of EU industry, including SMEs; EMPHASISES that competitiveness proofing has a prominent role to play to ensure the capacity to innovate, the consistency of rules and to prevent unnecessary red tape and compliance costs; The cost of crossing the borders in the Single Market, by having to comply with different national legislation, should also be taken into account;
9. EMPHASISES the importance of ensuring a high level of protection of Intellectual Property Rights taking into account cultural diversity and the crucial role to modernize copyright regime and facilitate licensing;<sup>9</sup>; The unitary patent will considerably reduce costs for SMEs and give a boost to innovation, by providing an affordable, high quality patent in Europe, with a single specialised jurisdiction; TAKES NOTE of the Commission's intention to examine possible options in the domain of IPR and business secrets in order to increase transparency and improve the treatment of IPR in standardisation;

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<sup>9</sup> **NL** : scrutiny reservation

10. RECOGNISES the difficulties faced by European businesses, especially SMEs and innovative start-ups, acting both independently or as part of a cluster, when trying to access finance and capital markets; INVITES the Commission to ensure an efficient, coherent and complementary implementation of the financial instruments in the Horizon 2020 and COSME programmes in cooperation with the EIB and EIF, taking into account existing structures in the Member States; Also INVITES the Commission and Member States to reflect on how to facilitate and diversify access to finance for SMEs and innovative start-ups by having better access to venture capital and debt financing; STRESSES in this respect the importance for growth and competitiveness of the COSME programme; EMPHASISES the strong role of Cohesion and Structural Funds in supporting enterprises, and CALLS FOR Member States and Regions to ensure their effective use; RECOGNISES that on-going restructuring in several industrial sectors in response to current economic and commercial pressures seriously affects different European regions in terms of growth and employment;
11. RECOGNISES that the EU is increasingly facing a shortage of skills, and that human capital and an appropriate pool of skills and competences are central to the success of a modern industrial policy; therefore INVITES the Commission to encourage actions to enhance job creation and education in requisite skills, and INVITES Member States to carry out job creation policies, promote lifelong learning and gender equality, set up agendas for education and training in competitiveness, including entrepreneurial skills, and to develop the dual system of vocational training in cooperation with businesses;
12. ENCOURAGES, where appropriate, further progress between the Commission, Member States, and Regions in their cooperation towards a better EU governance in order for industry to play a major role in the EU's economic growth and to keep pace with the EU's main international competitors;
13. SUPPORTS the Commission efforts to embed industrial policy within the European Semester, and INVITES the High Level Group on Competitiveness and Growth to assist the Council in annually assessing progress made by Member States and at EU level in the implementation of relevant structural reforms and industrial policy measures.