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NOTE

From:	Presidency
To:	Delegations
Subject:	Draft Council Conclusions on European Industrial Policy

In view of the COMPCRO Working Party meeting of 14 October 2013, delegations will find attached the draft Council conclusions on European Industrial Policy.

Draft Council Conclusions on European Industrial Policy

In its conclusions of 27-28 June 2013 the European Council recognised "the vital importance of a strong European industrial base as an essential building block of the EU's growth and competitiveness agenda" and "called for a broad horizontal and coherent approach for a modern European industrial policy accompanying structural change and economic renewal" . On the basis of the invitation of the European Council, with the view to its February 2014 discussion on industrial competitiveness and policy,

"THE COUNCIL OF THE EUROPEAN UNION:

1. STRESSES the need for increase in the dynamics of European economy. EXPRESSES concerns at the further decline of productivity as well as the contribution of manufacturing to EU GDP in 2012; TAKES NOTE of the Commission's stated aspirational goal of 20%. ACKNOWLEDGES that Member States have made progress in improving financial stability, business environment, exports and sustainability; RECOGNISES that Members States' competitiveness should be further enhanced; REITERATES in this respect the need to continue an ambitious implementation of 2010 and 2012 Communications on the EU Industrial Policy;
2. STRESSES the need to provide a **competitive framework** for European industry that enhances productivity growth in manufacturing and services: the effective functioning of the Single Market, growth-friendly regulatory environment, cost-effective and secure supply of energy and raw materials, reinforced and efficient support to innovation, adequate skills, improved access to finance and external markets;

3. REITERATES the opportunities offered by the **Single Market** and CALLS for further streamlining of legislation and **reduction of regulatory burden** in order to stimulate a more business-friendly **regulatory environment**; WELCOMES in this regard the Commission's efforts in pursuing the smart regulation agenda and in particular its REFIT programme; UNDERLINES the need for a more systematic use of competitiveness proofing and cumulative cost assessments; CALLS on the Commission to ensure consistent use of its Impact Assessment Guidelines and the further operational guidance, in particular assessing impacts of all new legislative proposals that have an impact on industrial competitiveness; CALLS on Member States to apply smart regulation tools - in particular to assess the impact on sectoral competitiveness and SMEs both ex ante and ex post when preparing national legislation;
4. EXPRESSES concerns on the negative impact of the **high cost of energy** on EU industrial competitiveness compared to its main competitors; CALLS for the vigorous implementation of the Third Energy Package and actions on empowerment of consumers in retail markets, as well as financing and development of cross-border energy infrastructure. INVITES the Commission to assess how to strengthen the global competitiveness of energy intensive industries while accompanying their transition to low carbon economy; WELCOMES in this respect the measures included in the Commission's Steel Action Plan to facilitate the uptake of promising new technologies and the transition towards a low carbon economy;
5. EMPHASISES the need to pool **new investments**, notably in the six fast growing areas for priority actions identified in the Commission Communication on "A Stronger European industry for growth and economic recovery" of 10 October 2012; UNDERLINES in this regard the expected strategic contributions of the COSME, Horizon 2020 and Structural Funds to support restructuring and smart specialisation in regions; REITERATES the need to define the practical modalities for their combined use. STRESSES the potentialities of increasingly strategic and targeted lending of the European Investment Bank to the European manufacturing sector;

6. ACKNOWLEDGES that economic benefits of **research and innovation** are generated by the successful and broad commercialisation of research results, and therefore, STRESSES the importance of focusing public support towards close-to-market activities (pilot lines and demonstration projects bridging the gap between research and industry), notably for the implementation of the strategy for Key Enabling Technologies; REITERATES the need for a demand- and user-driven approach in innovation policies and the reinforcement of pre-commercial public procurement, procurement of innovation, and development of standards.
7. CALLS on Member States to strengthen and support cooperation between education and business, **addressing skills mismatches** and promoting apprenticeships, RECOGNISES the importance of investing in entrepreneurship education, and INVITES the Commission and the Member States to fully implement the Entrepreneurship 2020 action plan;
8. REITERATES the need to **restore normal lending** to the real economy to facilitate the financing of investments and improve access to finance for SMEs; STRESSES the importance to create favourable framework conditions for venture capital, business angel networks, crowd-funding and other non-banking instruments; WELCOMES in this regard the mobilisation of European resources and the new "Investment Plan" to support SMEs and boost the financing of the economy;
9. RECOGNISES the growing importance of **global supply and value chains**, and CALLS on the Commission and Member States to facilitate enterprises' efforts pursuing for high value tasks in the global specialisation; EMPHASISES the importance of **clusters** as a platform for the promotion of international cross-country cooperation, innovation and networking among SMEs in the EU; ACKNOWLEDGES their positive contribution to the growth of SMEs and the EU industry.

10. CALLS for the efforts to be stepped up in support of further **internationalisation of SMEs**; SUPPORTS an ambitious trade negotiations agenda; STRESSES the need to ensure that the use of the Trade Defence Instruments effectively addresses the practices of unfair competition, which undermines the competitive position of European businesses;
 11. RECOMMENDS using existing policy coordination tools to develop a comprehensive approach between EU level and national industrial policies, as well as **synergies and coherence between all relevant policies**; WELCOMES in this context the assessment of the Commission provided in 2013 European Competitiveness Report and the 2013 report on Member States Competitiveness and policies; CALLS on the Commission to report annually on **how industrial competitiveness dimension is integrated into EU policy areas**;
 12. INVITES the High Level Group on Competitiveness and Growth to further assist the Council in annually assessing the progress made by the Member States and the EU in the implementation of relevant structural reforms; INVITES the Network of SME Envoys to report annually on the implementation of the Small Business Act to the Council as appropriate.
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