



**COUNCIL OF
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From:	Presidency
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Subject:	Draft Council Conclusions on European Industrial Policy

In view of the COMPCRO Working Party meeting of 28 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 recent further slowdown in productivity growth decline of productivity as well as the contribution of manufacturing to EU GDP in 2012; TAKES NOTE of the Commission's intention to see the share of industry at the level of as much as stated aspirational goal of 20% of GDP by 2020. ACKNOWLEDGES that Member States have made progress in improving financial stability, business environment, exports and sustainability; ~~RECOGNISES that Member States' competitiveness should be further enhanced;~~ UNDERLINES that an ambitious and proactive Industrial policy is a key element of the EU recovery strategy and therefore STRESSES the need for ambitious actions of Member States and the EU to improve competitiveness; 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 stable competitive framework for European industry that enhances productivity growth in manufacturing and services: ~~the~~ effective fully 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 and creativity, adequate skills, improved access to finance and external markets;

2(bis)RECOMMENDS adapting ~~using~~ existing policy coordination tools to develop a comprehensive approach between EU level and national Member States' industrial policies, and CALLS to strive for ~~as well as~~ synergies and coherence between all EU 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 extend the annual reports ~~annually~~ to assess on how industrial competitiveness dimension is integrated into EU policy areas, in particular regarding SMEs, R&I, trade, competition, energy, environment, climate change, employment and skills; In this context, NOTES with interest the Commission intention to issue a Communication on an "industrial compact" to enhance European industry's competitiveness;

3. EXPRESSES concern at the decline in trade within the Single Market; CALLS ON the EU and Member States to take steps to address this through fully exploiting ~~REITERATES~~ the opportunities offered by the Single Market; RECALLS the importance of achieving fully integrated and competitive markets for business-related services for strengthening the competitiveness of EU industry; LOOKS forward to the creation of the Digital Single Market by 2015; HIGHLIGHTS the need to further improve the framework conditions for these services including the removal of the remaining obstacles to the functioning of the internal market; RECALLS that, in order to reach this objective, all relevant instruments should be used including, where appropriate, harmonization as well as mutual recognition;

3(bis) and CALLS for further streamlining of legislation and **reduction of regulatory burden** in order to stimulate a more ~~business-~~**growth**-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 **assessment of the impacts on sectoral competitiveness of proposed legislation ;** ~~use of competitiveness proofing and cumulative cost assessments~~; CALLS on the Commission to ensure **this through a more** consistent use of its Impact Assessment Guidelines and **their complementary toolkits on competitiveness proofing as well as through its strengthened approach to ex post evaluation; WELCOMES in this respect the Commission 's initiative to explore possible methodologies for cumulative cost assessment;** ~~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; **UNDERLINES the need to secure an uninterrupted supply of energy at affordable prices; REAFFIRMS the need to complete the internal energy market by 2014 and develop interconnections so as to put an end to any isolation of Member States by 2015;** 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 **i.e; through resource efficiency;** WELCOMES in this respect the measures included in the Commission's Steel Action Plan to facilitate the uptake of promising new technologies **as a prerequisite to creating** ~~and the transition towards~~ a low carbon economy; **CALLS for an integrated approach with regard to the future proposals of the Commission on 2030 framework for climate and energy policies, taking into account the three pillars of the energy policy;**

5. EMPHASISES the need to pool **new investments**, notably in the six fast growing areas for ~~priority actions identified in~~ line with the Commission Communication on “A Stronger European industry for growth and economic recovery” of 10 October 2012; **WELCOMES in this regard the mobilisation of European resources and the new "Investment plan" to support SMES and boost the financing of the economy; REITERATES the need to define the practical modalities for the combined use of** COSME, Horizon 2020 ~~UNDERLINES in this regard the expected strategic contributions of the~~ and Structural Funds **in order** to support **and strengthen entrepreneurship, research and innovation contribution to Europe's competitiveness;** ~~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~~ **for** close-to-market activities (pilot lines and demonstration projects bridging the gap between research and **market industry**), **and of ensuring combine EU and Member states funding** notably for the implementation of the strategy for Key Enabling Technologies; **CALLS upon the Commission to ensure that Horizon 2020 activities include both research and close-to-market activities;** REITERATES the need for a demand- and user-driven approach in innovation policies, **including green and sustainable innovation** and the reinforcement of pre-commercial ~~public~~ procurement, procurement of ~~innovation~~ **innovative solutions**, and development of standards. **INVITES the Commission to issue practical guidance on how the new public procurement Directives can facilitate the procurement of innovative solutions so that public spending can help bring innovation to the market.**
7. CALLS on Member States to strengthen and support cooperation between education, **training** 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~~ **financial** instruments, **including through the modernisation of state aid rules**; ~~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 **in** pursuing for high value tasks in the global specialisation; EMPHASISES the importance of **clusters and networks** as a platform for the promotion of ~~international cross-country~~ cooperation, innovation and networking among SMEs, **large enterprises and other stakeholders** ~~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**; **STRESSES that a stronger focus has to be put on the presence of European firms in non-EU markets.** 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 a regular basis** on the implementation of the Small Business Act to the Council as appropriate.
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