



**COUNCIL OF
THE EUROPEAN UNION**

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ESPACE 52
TRANS 394
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NOTE

from:	Presidency
to	Delegations
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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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Delegations will find attached the draft Council conclusions on "Industrial Policy Communication update: A Stronger European Industry for Growth and Economic Recovery" in view of COMPCRO Working Party meeting of 20 November 2012.

New text compared to doc. 15771/12 has been put in **bold and underlined**. Deleted text has been marked by ~~strikethrough~~.

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

On the basis of 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 Recovery¹,

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 alongside with industry related services, ~~to~~ strengthening the longer-term competitiveness of the EU economy and ~~to~~ anticipate ing future ~~evolution~~ 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;

¹ 15168/12

3. RECOGNISES the contribution of ~~of that~~ all industrial sectors, ~~including energy-intensive industries,~~ can make in the ~~to EU competitiveness~~ **the European economy**; and **EXPRESSES concern over existing hurdles to industrial competitiveness, including relatively higher energy prices which penalise European industries, in particular in energy-intensive sectors**; WELCOMES the recently adopted communications on Construction², Security³, Cultural and Creative sectors⁴ and **the Automotive sector**⁵ [CARS 24], and for the aforementioned sectoral initiatives:

- INVITES the Commission, ~~and Member States~~ **and sectoral organisations** to implement **consider** the **measures** Action Plan proposed in the “Construction 2020” Communication **through the High-level tripartite Strategic Forum**, in particular for stimulating investment, ~~and innovation~~ **and** ~~in the sustainable~~ **ility in** ~~renovation of buildings~~ **construction** ~~and for improving skills and qualifications~~;
- EMPHASISES the need **for a better functioning** ~~to create a true~~ internal market for security products and technologies with a view to enhancing the competitiveness of the sector, **whilst respecting national security**, and INVITES **the Commission** ~~Member States~~, in close cooperation with ~~the Commission~~ **Member States**, to ensure the efficient implementation of the actions laid out in the respective Communication;
- INVITES the Commission and Member States to ~~stimulate~~ **encourage** cross-**border** **partnerships** ~~fertilisation~~ between designers and manufacturers and to develop the right regulatory environment ~~as a strategic contribution to the intangible economy~~;

² 13186/12

³ 13050/12

⁴ 14256/12

⁵ 15962/12

- **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; ENCOURAGES the 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 and anticipating adaptation.**

4. EMPHASISES the urgent need for new investments **particularly in the six fast growing areas for priority actions⁶ identified in the Communication; Investment should focus on** innovation, including non-technological innovation, **social** and eco-innovation, new energy, ~~and~~ resource-efficient **and environmental** technologies in order to best prepare EU industry for the so-called "third industrial revolution" ~~era~~ 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 **expectation** ~~objective of encouraging an~~ **raising the share of industry** ~~increase of industry's share~~ to 20 % of GDP by 2020;

⁶

- 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

5. 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**; ~~especially through Key Enabling Technologies~~; STRESSES the importance of facilitating the involvement of businesses, **including traditional industrial sectors and SMEs, whose growth and competitiveness potential should be fully recognized** in Horizon 2020 **and COSME programmes**; STRESSES the role of world-class clusters and strong EU ~~inter-clustering~~ networking activities as key components of the EU industrial competitiveness, drivers of innovation, technology diffusion and knowledge spillovers; ~~TAKES NOTES of the six priority lines designed to stimulate new investments, speed up the adoption of innovative technologies, and boost resource efficiency~~; INVITES the Commission together with Member States and Regions to promote cooperation of **between** all stakeholders to deliver the industrial policy agenda and help the uptake of new technologies, **innovation** and investments;
6. RECOGNISES the investment/business opportunities that the ~~internal~~ **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 ~~they need~~ to market their products **goods** and services ~~across borders~~ **within the EU** as they do in their domestic markets, ~~in order to exploit all the opportunities of the Single Market~~; ACKNOWLEDGES the need to create a better regulatory environment for EU companies; **by striking the right balance in the application of harmonisation and the mutual recognition principles**; WELCOMES the Commission's intention to take measures in order to strengthen the ~~Internal~~ **Single** Market **in particular by improving market surveillance, completing the Single Market for energy and implementing the digital agenda** ~~by all available~~ **appropriate** means;

7. 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 ~~sectoral~~ initiatives together with Member States, businesses and other stakeholders to ~~minimize~~ **reduce** regulatory burden and boost the high innovation and productivity growth potential of EU industry, ~~especially~~ **including** SMEs; EMPHASISES that competitiveness proofing has ~~to play~~ a prominent role **to play** to ensure the consistency of rules and to prevent further unnecessary red tape and compliance costs; the cost of crossing the borders in the ~~IM~~ **Single Market**, by having to comply with different national legislation, should also be taken into account;
8. EMPHASISES the importance of Intellectual Property Rights for innovative companies **and the crucial role of modernising copyright and facilitating licensing; as well as of the unitary patent with effect in every single country across EU and of a unified patent litigation system in the EU;** 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;
9. RECOGNISES the difficulties **faced by** European businesses, especially SMEs, innovative start-ups, **acting both independently or as part of a cluster** ~~and in particular in cooperative projects covering parts of value chain or clusters face~~ when trying to access finance and capital markets; ~~IDENTIFIES that investment in the adoption of innovative technologies and solutions is crucial for the recovery and growth of EU industry;~~ INVITES the Commission to ~~in order~~ **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;** ~~in order to ensure the implementation and coherence of the financial instruments in the Horizon 2020 and COSME programmes;~~ **Also INVITES the Commission** ~~and~~ 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 fixed income debt market;** EMPHASISES the strong role of Cohesion and Structural Funds ~~also for the~~ **in supporting** of all enterprises, and CALLS FOR Member States and Regions to ensure their effective use;

10. RECOGNISES that **EU is 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 ~~desirable~~ **requisite** skills, and INVITES Member States to carry out job creation policies, promote lifelong learning, 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;
11. INVITES the Commission ~~together with Member States~~ to identify and propose measures and strategies with European added value ~~adapted to largely different national situations~~ 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 ~~high-value~~ jobs, and to better ~~coordinate~~ **seek** synergies between all relevant EU policies such as: SMEs, cohesion, trade, research, environmental, **climate, energy** and competition ~~policyies~~, including the EU frameworks on State aid;
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 EU's main international competitors;
13. ~~STRONGLY~~ SUPPORTS the Commission efforts to ~~further embedded~~ industrial policy within the European Semester ~~process~~, and INVITES the High Level Group on Competitiveness and Growth **and the SME envoys** 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.
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