



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

From: Presidency

To: Permanent Representatives Committee/Council

Subject: *Preparation of the Council ("Competitiveness") of 20-21 February 2014*
Industrial Competitiveness

- a) Communication from the Commission "For a European industrial renaissance"
- b) Communication from the Commission "A vision for the internal market for industrial products"
- c) Communication from the Commission "Energy prices and costs in Europe"
- d) Communication from the Commission "A policy framework for climate and energy in the period from 2020 to 2030"

- Presentation by the Commission
- Policy debate

1. The EU is emerging from its longest-ever recession, but the recovery remains modest. The crisis has underlined the **importance of a strong industry sector for economic resilience**. Europe needs a strong and competitive European industrial base as key driver for economic recovery and growth and jobs. Europe must, as a matter of highest political priority across

EU-institutions, Member States and policy fields, provide for a policy framework which strengthens the competitiveness of industry and accompanies structural change and economic renewal, with the aim to **reverse the current downward trend in manufacturing and restore industrial growth**. The Competitiveness Council should send a clear signal to the March European Council on industrial policy priorities and on ways to constantly improve industrial competitiveness.

2. On 22 January 2014, the Commission issued four very relevant communications in this respect. Firstly, the communication "For a European industrial renaissance", which sets out the Commission's key priorities for industrial policy. It draws on the Annual Growth Survey, provides an overview of actions already undertaken and puts forward selected new actions to speed up the attainment of these priorities. It shows that industrial policy and other EU policies are getting gradually more and more integrated as indicated in the flagship industrial policy communication in 2010 and why this mainstreaming process must continue. Moreover, it stresses the importance of full and effective implementation of industrial policy in the EU and aims to facilitate this.

The second communication is "A vision for the internal market for industrial products", which builds on the results of the evaluation of EU law in the area of industrial products to assess the regulatory framework's overall coherence and 'fitness for purpose' and to develop an evidence base on the cumulative regulatory effects from an industry perspective, and analyses the regulatory environment of the internal market for industrial products.

Two other communications, while more on the energy issues, are also very relevant for the industrial competitiveness, namely "Energy prices and costs in Europe" and "A policy framework for climate and energy in the period from 2020 to 2030", as European industrial competitiveness will also be much impacted by the follow-up of especially the latter communication. The Commission is proposing new climate and energy targets: A binding 40% reduction of EU greenhouse gas (GHG) emissions below the 1990 level and an EU-wide binding target for renewable energy of at least 27%. The possible implications of the proposed package and its potential consequences on EU industrial competitiveness, taking into account the industrial challenges and opportunities on the Member State and the EU level as well as the global dimension should also be addressed from the industry point of view.

3. Achieving a "European industrial renaissance" necessitates a **greater coherence and prioritisation between policies** in support of reindustrialisation and smart specialisation. Industrial activities today are strongly interlinked with the service sector and complex value chain span across borders and sectors. The level of skills and technology required is also markedly increasing.

A policy supportive of a strong role for European industrial actors needs to address all policy areas in a coordinated way in order to promote this transformation. Better coordination mechanisms of different policies such as environmental, climate, energy, trade, competition and state aid, regional policies in support of industrial competitiveness could be ensured both by the Commission as well as by the co-legislator.

4. Strengthening and modernising the European industrial base requires a broad range of coherent and coordinated policies and actions on many levels of the economy. In the view of the above, Ministers are invited to address the following questions:

- *What from your point of view are the three most important key policies and priority actions for improving industrial competitiveness in Europe. What should the EU and Member States aim for in these areas over the next five years?*
 - *How can we concretely achieve a balance between competitiveness, energy and climate policy objectives in the new energy and climate framework 2030, especially considering the competitiveness of the energy intensive industries in the EU?*
 - *What kind of governance should be put in place to achieve the mainstreaming of industrial competitiveness concerns throughout all policy areas and initiatives with a major economic impact on competitiveness?*
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