



**COUNCIL OF
THE EUROPEAN UNION**

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Subject: Draft Council Conclusions on European Industrial Policy

In view of the COMPCRO Working Party meeting of 5 November 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 slowdown in productivity growth 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 20% of GDP by 2020. ACKNOWLEDGES that Member States have made progress in improving financial stability, business environment, exports and sustainability; 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 allow industry to improve its 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 and predictable competitive framework** for European industry that enhances productivity growth in manufacturing and services: a fully **and efficiently** functioning Single Market, growth **and innovation**-friendly regulatory environment, cost-effective, **sustainable** and secure supply of energy and raw materials, reinforced and efficient support to innovation and creativity, adequate **appropriate** skills, improved access to finance and external markets;

- 2(bis) RECOMMENDS ~~adapting~~ **exploiting** existing policy coordination tools to develop a comprehensive approach between EU level and Member States' industrial policies, and **CALLS for the greater exploitation of** ~~to strive for~~ **synergies and coherence between all EU relevant policies**; WELCOMES in this context the assessment provided in 2013 European Competitiveness Report and the 2013 report on Member States Competitiveness and policies; CALLS on the Commission to extend the **scope of its** annual reports 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, **CALLS for an industrial compact to boost growth and job creation which would be implemented by the Commission** 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~~ **help SMEs** fully exploiting the opportunities offered by the Single Market; **HIGHLIGHTS the need to complete the Digital Single Market by 2015**. RECALLS the importance of ~~achieving fully integrated and competitive markets for~~ business-related services, **including knowledge-based services**, for **creating value and** strengthening the competitiveness of EU industry; ~~LOOKS forward to the creation of the Digital Single Market by 2015~~; **UNDERLINES that HIGHLIGHTS** the need to further improve the framework conditions for these services including the removal of the remaining **unjustified or disproportionate barriers** ~~obstacles to~~ **need to be removed to improve** the functioning of the internal market **for such services**, ; RECALLS that, in order to ~~reach this objective~~, **using** all relevant instruments ~~should be used~~ including, where appropriate, harmonization as well as mutual recognition;

- 3(bis)CALLS for further streamlining of legislation and reduction of regulatory burden in order to stimulate a more **growth-friendly regulatory environment, while fostering competitiveness and job creation and taking into account proper protection of consumers, health, environment and employees.** 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 **and in-depth** assessment of the impacts on sectoral competitiveness of proposed legislation, **available at an early stage of the legislative process**; 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; 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 costs of energy** on EU industrial competitiveness compared to its main competitors; UNDERLINES the need to secure an uninterrupted supply of energy at affordable **and competitive** prices **and costs and in this context, stresses the importance of domestic resources**; 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 **and national** energy infrastructure.

HIGHLIGHTS that energy efficiency measures can make a significant contribution to reversing current trends in energy prices and costs. CALLS on the Commission to present an analysis of the composition and drivers of energy prices and costs in Member States before the end of 2013, with a particular focus on the impact on SMEs and energy intensive industries, and looking more widely at the EU's competitiveness vis-à-vis its global economic counterparts. 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 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-public and private investments**, 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 **further** European resources ~~and~~ **in connection with** 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 and Structural Funds in order to support and strengthen entrepreneurship, research, **development** and innovation contribution to Europe's competitiveness;. STRESSES the potentialities of increasingly strategic and targeted lending of the European Investment Bank to ~~the European manufacturing sector~~ **innovation and industrial transformation projects**;

6. ACKNOWLEDGES that economic benefits of **research, development and innovation** are generated by the successful and broad commercialisation of research results, and therefore, STRESSES the importance of public support **to innovation and** ~~for~~ close-to-market activities (pilot ~~lines~~ and demonstration projects bridging the gap between research and market) **in line with State aid guidelines**, and of ensuring, **where appropriate**, combined EU and Member states funding notably **including** for the implementation of **the priority areas identified in the Commission Communication on "a Stronger European Industry for Growth and Economic Recovery"**¹ **and of** the strategy for Key Enabling Technologies; CALLS upon the Commission to ensure that Horizon 2020 activities include **an appropriate mix of** both research and close-to-market activities; **RECALLS the important role of creativity, non-technological innovation and standards for industrial competitiveness and WELCOMES in that context the action plan on design-driven innovation.** REITERATES the need for a demand- and user-driven approach in innovation policies, including green and sustainable innovation and the reinforcement of pre-commercial procurement, procurement of 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 **and examining both EU and Member States practices encouraging innovation in public sector.**
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 **further promoting and** investing in entrepreneurship education, and INVITES the Commission and the Member States to fully implement the Entrepreneurship 2020 action plan;

¹ 15168/12

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 financial instruments, ~~including through the modernisation of state aid rules~~;
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 high value tasks in the global specialisation; EMPHASISES the importance of **clusters and networks** as a platform for the promotion of cooperation, innovation and networking among SMEs, large enterprises and other stakeholders; 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 **striving for free trade and enhancing Europe's place in global value chains**; 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. 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 **within the European Semester**; INVITES the Network of SME Envoys to report on a regular basis on the implementation of the Small Business Act to the Council as appropriate.