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NOTE

From: Presidency

To: Permanent Representatives Committee/Council

Subject: *Preparation of the Competitiveness Council on 12 March 2018*
Conclusions on EU industrial policy strategy for competitiveness, growth
and innovation
- Exchange of views

Delegations will find attached a Presidency note relating to the EU industrial policy strategy for competitiveness, growth and innovation with a view to the exchange of views foreseen at the Competitiveness Council on 12 March 2018.

**Exchange of views on EU industrial policy strategy
for competitiveness, growth and innovation****Presidency note**

Recognising the strategic importance of industry for the overall development of the EU economy, the work and discussions in Council have been focused on the need to provide a comprehensive and long-term EU industrial strategy. The Council plans to adopt conclusions on "EU Industrial Policy Strategy for Competitiveness, Growth and Innovation", which, as a proof of the importance of the issue, would be the third set of conclusions on industrial policy under three consecutive Council Presidencies.

The adoption in September 2017 of the Commission's communication on "A renewed EU Industrial Policy Strategy" was greeted as an important signal and a useful first step towards developing a future-oriented EU industrial strategy. However, it has been recognised that the current policy does not have a sufficiently strategic and long-term approach, especially given the internal and external pressures and challenges for the EU industry. On one side, the EU industry has to implement and contribute to the policies and requests for a transition towards safe and sustainable technologies, low-carbon and circular economies and in general to the fight against climate change. What's more, the industry has to invest and adapt to rapidly changing technologies which require constant efforts to change and innovate in order to remain competitive. And all these challenges occur in the context of changes in the global economy, in which our main trading partners and competitors already implement their own comprehensive and long-term strategies for the development of their industries.

In such an environment, there is an urgent need for policies that support the competitiveness of European enterprises and facilitate their integration in global value chains. Even more so, there is a need for a long-term predictability and commitment on political level in order to stimulate long-term investment in new technologies, processes and market products.

Given the complexity of such a comprehensive and long-term EU industrial strategy that would meet those requirements, there is a clear and urgent need for a substantial amount of preparatory work and actions to be undertaken. If this strategy is delayed, this would be a huge strategic disadvantage to the EU industry. Therefore, the preparatory work has to ensure that the comprehensive and long-term strategy is in place at the latest by the beginning of the next EU institutional cycle.

To this end, being committed to fulfil the requests by the European Council to complete the different Single Market strategies by the end of the year, the EU Institutions, while working energetically to finalize the current policy proposals, and while preparing the next multiannual financial framework, should neither neglect nor delay the preparatory work for the future comprehensive and long-term EU industrial strategy.

On the Council side, Ministers for Competitiveness, at their informal meeting in Sofia on 1 February 2018, provided input regarding the future of European industrial policy, including new trends for industrial development, value chains and the development of competitive advantages for the European economy, as well as the challenges to and the role of strategic basic and energy-intensive industries. The discussions confirmed the urgent need for further action and were followed by work at Council Working Parties level (the High Level Working Group and the Working Party on Competitiveness and Growth), where further discussions were held on innovation and growth, SME policy and the future EU industrial policy strategy. The proposed draft Council conclusions are meant to provide clear guidance regarding policy areas and issues to be covered by the future strategy. However, given the nature and specificities of Council conclusions as a policy tool, an exchange of views by Member States will provide additional input to the push for an industrial strategy and contribute with further details to the call for swift preparatory actions.

In the context of the discussions on the long-term EU industrial policy strategy we kindly ask you to focus your interventions on the following questions:

1. What should be the next steps in the preparation of the future comprehensive and long-term EU industrial strategy?
2. What new industrial policy elements need to be prepared beyond the implementation of the current policies and of those that are in the process of adoption?