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From:	Permanent Representatives Committee (Part 1)
To:	Council
No. prev. doc.:	6605/18 COMPET 115 IND 61 MI 113
Subject:	Conclusions on EU industrial policy strategy for competitiveness, growth and innovation - <i>Adoption</i>

1. On 13 September 2017, the Commission submitted a communication to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank on "Investing in a smart, innovative and sustainable Industry: A renewed EU Industrial Policy Strategy"¹, accompanied by a list of next steps on key actions for a smart, innovative and sustainable industry².
2. The Council, in its conclusions of 30 November 2017, called on the Commission to further develop a comprehensive EU industrial strategy with a focus on 2030 and beyond, including medium to long-term strategic objectives and indicators for industry and to be accompanied by an action plan with concrete measures.

¹ Doc. 12202/17.

² Doc. 12202/17 ADD 1.

3. In order to further specify the Council's expectations regarding a comprehensive EU industrial strategy and provide guidance to the Commission, the Presidency prepared draft Council conclusions on "EU industrial policy strategy for competitiveness, growth and innovation".
4. The Working Party on Competitiveness and Growth (Industry) discussed the draft Council conclusions at meetings on 16 and 24 January and on 9 and 27 February 2018 and reached a broad consensus on a consolidated text.
5. The Permanent Representatives Committee, at its meeting on 7 March 2018, examined the draft Council conclusions and agreed on the text in the ANNEX. Changes compared to document 6605/18 are indicated in **bold underlined** for additions and ~~strikethrough~~ for deletions.

The Committee agreed to forward the draft conclusions to the Council (Competitiveness) on 12 March 2018 for their adoption.

6. The Council (Competitiveness) is therefore called upon to adopt the conclusions as set out in the ANNEX.

**DRAFT COUNCIL CONCLUSIONS ON
"EU INDUSTRIAL POLICY STRATEGY FOR COMPETITIVENESS, GROWTH
AND INNOVATION"**

THE COUNCIL OF THE EUROPEAN UNION,

RECALLING the Council conclusions from May¹ and November 2017², as well as the European Council Conclusions from June 2017³, which all emphasised the need for developing a comprehensive and long-term EU industrial strategy,

1. UNDERLINES the importance of strengthening the industrial base as a key component of Europe's future, keeping in mind that European industry continues to be a major driver for productivity, growth, innovation and employment and a cornerstone of economic prosperity in Europe; CONSIDERS in this regard the Commission's communication from 2017 on "A renewed EU Industrial Policy Strategy"⁴ as an important signal and a useful first step towards developing a future-oriented EU industrial strategy;

¹ Doc. 9760/17.

² Doc. 15223/17.

³ Doc. EUCO 8/17, paragraph 15.

⁴ Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank - Investing in a smart, innovative and sustainable Industry - A renewed EU Industrial Policy Strategy, doc. 12202/17 + ADD 1.

2. REITERATES that a fully functioning internal market in the digital age is a fundamental pillar for strengthening industrial competitiveness and HIGHLIGHTS the importance of enforcement and implementation of the internal market rules in that context; BELIEVES that, in order to face the challenges and use the opportunities that are emerging, industry needs a clear, predictable and non-discriminatory regulatory environment in order to make future-oriented investments; in this context RECALLS the importance of business-related services and UNDERLINES the need to remove remaining unjustified or disproportionate barriers; therefore STRESSES that a structured and comprehensive long-term strategic approach is necessary;
3. CONSIDERS, in the light of the long-term industrial policies and measures in other regions of the world, that the EU needs a common approach building on the competitive advantages of our economy and businesses, taking into account the European model with high environmental and social standards, and setting an ambitious long-term vision where its industry could be in a decade and beyond to the benefit of citizens and the economy; ACKNOWLEDGES that the major and sometimes disruptive changes which industry is undergoing, if properly addressed, can help create new jobs, lead to increased manufacturing in Europe and turn challenges into opportunities;
4. WELCOMES the initiatives undertaken by the EU in the digital domain, and, given that speed and scale are decisive for market success, CALLS FOR strengthened efforts and the rapid implementation of policy priorities in respect of the digitalization of industry with a special emphasis on strengthening initiatives like Digital Innovation Hubs and other initiatives under the European platform on digitising industry supporting small and medium-sized enterprises (SMEs) in their digital transformation; REITERATES the importance of ambitious, coherent, consistent, timely and industry-led standards for interoperability for the competitiveness of European industries on global markets;

5. STRESSES that, in order to operate in a data economy, companies need a continued focus on the innovative development and take-up of key forward looking trends including the Internet of Things, Artificial Intelligence, robotics, Big Data and platforms, connected and autonomous systems, 5G, 3D printing, standardization, ICT security and blockchain; EMPHASISES that, as data is becoming the new competitive factor in our connected world, data storage, cloud computing as well as high-performance processing technologies and capabilities should be strengthened in the EU to ensure an ambitious level of cybersecurity, data protection and trusted ICT services; RECOGNISES the significant risk of ICT-enabled infringements and misappropriation of intellectual property and the importance of finding a response to this threat;
6. HIGHLIGHTS that the ability of the EU to make use of new technologies depends on its ability to innovate and that, therefore, achieving significant and more effective investments and the right framework for research, development and innovation is of crucial importance, also in the perspective of the next multiannual financial framework; CONSIDERS that a better knowledge transfer and uptake of advanced and key enabling technologies in the industrial base is essential to promote productivity gains and the overall industrial competitiveness; RECALLS that the links between businesses and research, development and innovation are essential for market application and uptake and turning knowledge into new products and services, and that the creation, scaling-up and interconnection of innovation hubs throughout the EU should be accommodated to strengthen the innovation ecosystem;
7. CALLS for the further development of the European cluster policy, with the aim of linking-up and scaling-up regional clusters into cross-European world-class clusters, based on smart specialisation principles, in order to support the emergence of new value chains across Europe;

8. ACKNOWLEDGES that there is an untapped potential for European innovative projects and that large scale innovation initiatives and disruptive innovation should be supported; HIGHLIGHTS the importance of ongoing initiatives for public-private partnerships, innovation and investments and REGARDS favourably the communication on EU State Aid Modernisation setting out criteria on support for Important Projects of Common European Interest which aims at facilitating large-scale innovative projects of transnational character;
9. UNDERLINES the importance of public procurement, including pre-commercial procurement and public procurement for innovation, for promoting innovation and improving the competitiveness of the EU industry and REGARDS favourably initiatives such as the recently adopted communication on "Making Public Procurement work in and for Europe" to use procurement as a strategic tool to foster a transition to a more innovative, environment-friendly and socially inclusive economy;
10. Having in mind that competition in a market economy is of outstanding importance for the innovation orientation of the economy, RECOGNIZES that, when it comes to innovation and digital transition, the EU and its Member States, in order to be able to compete globally, should support investments and create favourable conditions for private investment funds, including innovative forms of financing and targeted growth support measures for SMEs and start-ups as the backbone of the EU economy; furthermore POINTS TO the need for continued dedicated policies towards scale-ups and mid-caps, as well as increased support for innovation with high technological risk and a long-term investment horizon; UNDERLINES the need for the right mix of investment and funding tools by the EU, Member States, regions and the private sector;

11. STRESSES that fostering the Union's industrial growth requires the right skills, and that harnessing the digital transition notably requires addressing the insufficient level of digital skills in Europe's labour force and shortages of ICT professionals as well as science, technology, engineering and mathematics graduates; REAFFIRMS the potential of additional sectoral blueprints as a basis for bottom-up identification of sector-specific skills needs, increased business-education partnerships as well as dedicated investments in the skills of young people and lifelong learning;
12. CONSIDERS that trade is essential to creating growth and jobs; RECOGNISES the importance for EU industry of global value chains and trade; NOTES the global changes in trade policy and therefore REITERATES the importance of the EU's approach to pursue a robust trade policy upholding an open and rules-based multilateral trading system, with a central role of the WTO, convinced that trade and investment can only be free if they are also fair and mutually beneficial; in the context of this robust trade policy **and seeking to foster a truly level playing field**, URGES all actors involved to prepare an adequate answer on how to handle the industrial strategies of third countries, ~~providing for a level playing field and~~ facilitating the integration of European companies in global value chains, also in a long-term competitiveness perspective;
13. EMPHASISES that the contribution of the private sector is essential to achieving the ambitious goals for fighting climate change and ensuring sustainability; NOTES that satisfactory results can only be achieved through vision, partnership and by creating the appropriate framework conditions for innovation, new business and manufacturing models, including through measures to support the low-carbon transition in industrial sectors; WELCOMES the efforts made by various sectors to develop long-term transition roadmaps to 2030 and beyond, stretching up to 2050, and INVITES the Commission, together with industry and Member States, to work actively with all sectors on the further elaboration of such roadmaps and their interlinkages as an input to the future comprehensive and long-term EU industrial strategy;

14. CALLS FOR a comprehensive industrial policy that makes best use of the opportunities resulting from the transition towards safe and sustainable technologies, low-carbon and circular economy and is in balance with coherent European climate and energy policies, aiming at creating a strong, resource-efficient and competitive European industrial base; UNDERLINES that this comprehensive policy should take into account the sustainable supply of raw materials and the external dimension of the EU climate policy, while paying special attention to addressing the issue of high energy costs and preventing significant disadvantages in international competition, in particular for energy-intensive industries;
15. REITERATES that industrial competitiveness concerns should be systematically mainstreamed across all EU policy areas and its call on the Commission to evaluate the impact of mainstreaming industrial policy into the EU strategic initiatives and put forward proposals how the mainstreaming can be more effective; POINTS OUT that cumulative cost assessments and the reduction of unnecessary regulatory burdens are an indispensable part of any comprehensive effort to support the global competitiveness of EU industry; UNDERLINES in this regard the importance of concrete targets **for the reduction of unnecessary regulatory burdens**, whilst respecting existing protection standards and without undermining the underlying objectives of the legislation; EMPHASISES that systematic steps at EU level could effectively complement measures at national and regional level and thus improve the coordination and synergies between EU and Member States' policies; CALLS ON the Commission to ensure that the SME test is applied more thoroughly when preparing initiatives;
16. RECALLS that appropriate framework policies should be accompanied, when necessary, by initiatives to stimulate new and emerging sectors with high growth potential, and for sectors facing economic change;

17. NOTES that, in order to effectively implement a comprehensive EU industrial policy, strategic objectives need to be established and the progress towards their achievement be constantly monitored; therefore CALLS ON the Commission to intensify work, in consultation with Member States and stakeholders, on appropriate industrial policy objectives to be achieved by 2030 and beyond, synchronizing the efforts made under the EU's industrial, energy and environment (including climate change) policies; TAKES NOTE with interest of the recent EU Industry Day, including the establishment of the High Level Industrial Roundtable "Industry 2030" which is expected to deliver a positive and timely contribution to the development of a comprehensive and long-term EU industrial strategy, and CALLS ON the Commission to keep Member States informed of the work of the Roundtable;
18. EMPHASISES the need to monitor the implementation of the industrial policy objectives and, even more importantly, the trends in the development of the EU industry with appropriate indicators, keeping in mind that the indicators need to be measurable, time sensitive and should, where feasible, allow for comparison at a global level;
19. In order to keep Europe globally competitive, STRESSES the urgent need for a comprehensive and long-term EU industrial strategy which should be in place at the latest by the beginning of the next EU institutional cycle; to this end CALLS ON the Commission to build upon the existing governance structure and focus on the preparation of all the elements that will form the future strategy, including an action plan; NOTES also the need to closely involve Member States in this process and REAFFIRMS the strategic role of the Competitiveness Council to provide political guidance and momentum.