



Council of the
European Union

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NOTE

From: Presidency
To: Delegations

Subject: Draft Council conclusions on "EU Industrial Policy Strategy for Competitiveness, Growth and Innovation"

Delegations will find attached a Presidency proposal for draft Council conclusions on "EU Industrial Policy Strategy for Competitiveness, Growth and Innovation" with a view to the discussion by the Working Party on Competitiveness and Growth (Industry) at its meeting on 16 January 2018.

**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 maintaining a strong industrial base as a key component of Europe's future, keeping in mind that European industry continues to be a major driver for productivity and innovation 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;
2. REITERATES that a fully functioning internal market is a fundamental pillar for strengthening industrial competitiveness and that, in order to face the challenges and use the opportunities that are emerging, industry needs a stable, simple and predictable environment in order to make future-oriented investments, and therefore STRESSES that a structured and comprehensive long-term approach is necessary;

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.

3. CONSIDERS, in the light of the long-term industrial policies and measures in other regions of the world, that the EU needs a united approach based on the identified competitive advantages of our economy and businesses, with a clear long-term vision where its industry should be in a decade and beyond; IS AWARE that the major and sometimes disruptive changes which industry is undergoing, if properly harnessed, can create new jobs and bring factories closer to consumers by building on Europe's strengths and by turning 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 the European Network of Digital Innovation Hubs supporting small and medium-sized enterprises (SMEs) in their digital transformation;
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, connected and autonomous systems, 5G, 3D printing, standardization and IT security; EMPHASISES that, furthermore, data storage 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 IT services;
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 investments and the right framework for research and innovation is of crucial importance; CONSIDERS that the links between innovation, research and development and businesses are essential for market uptake and turning knowledge into new products and services, and that for this reason support for the creation and scaling-up of innovation hubs throughout the EU must be ensured, in order to strengthen the innovation ecosystem;

7. ACKNOWLEDGES that there is an untapped potential for concrete European innovative projects especially when it comes to large scale innovation initiatives and disruptive innovation; NOTES with interest the ongoing initiatives for public-private partnerships, innovations and investments such as the recently adopted initiative on "Making Public Procurement work in and for Europe" and REGARDS favourably instruments for investments such as the Important Projects of Common European Interest;
8. RECOGNIZES that, when it comes to innovation and digital transition, Europe, in order to be able to compete globally, should support investments in its economy and create favourable conditions for private investment funds, including targeted support measures for SMEs and start-ups as the backbone of the EU economy; furthermore POINTS TO the need for dedicated policies towards scale-ups and mid-caps;
9. 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 that further areas of priority action should be developing blueprints for sectors where new skills are necessary, increasing business-education partnerships as well as dedicated investments in the skills of young Europeans;
10. Firm in the belief that trade contributes to creating wealth and jobs, NOTES the geopolitical changes in trade policy; IS AWARE that the industrial sector is particularly characterised by global value chains and depends on free trade in order to be able to operate successfully and thus generate growth, prosperity and employment; therefore URGES all actors involved to prepare an adequate EU answer to the industrial strategies of third countries, facilitating the integration of European companies in global value chains and promoting free, fair and open trade while asserting the EU's interests, in a spirit of reciprocity and mutual benefit;

11. POINTS OUT that the contribution of the private sector is essential to achieving the ambitious goals for fighting climate change and ensuring sustainability in Europe; NOTES that satisfactory results can only be achieved through partnership and by creating the appropriate framework conditions for new and progressive business and manufacturing models; furthermore CALLS FOR a comprehensive industrial policy that makes best use of the opportunities resulting from energy transition and the circular economy and goes in line with a coherent European climate and energy policy, aiming at creating a strong, resource-efficient and competitive European industrial base, while addressing the issue of high energy costs, in particular for energy-intensive industries;
12. REITERATES the call that industrial competitiveness concerns should be systematically mainstreamed across all EU policy areas; POINTS OUT that cumulative cost assessments and the reduction of regulatory costs are an important part of any comprehensive effort to support the EU industry, and that systematic steps at EU level in this regard could effectively complement measures at national or regional level and thus improve the coordination and synergies between EU and Member States' policies;
13. NOTES that, in order to effectively implement any comprehensive EU policy, specific objectives need to be established and the progress towards their achievement be constantly monitored; therefore CALLS ON the Commission to commence work, in consultation with Member States and stakeholders, on possible industrial policy objectives to be achieved by 2030 that would allow for a comprehensive approach with synchronized European industry targets under the EU's energy, environment (including climate change) and industrial policies;
14. EMPHASISES the need to start working in parallel on the establishment of appropriate indicators for monitoring the implementation of the industrial policy objectives and, even more importantly, the trends in the development of the EU industry, keeping in mind that the indicators need to be measurable, time sensitive and allow for comparison at a global level;

15. In order to keep Europe globally competitive, **STRESSES** the urgent need for a comprehensive EU long-term 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 commence the preparation of all the elements that will form the future strategy, including a joint action plan to co-ordinate measures taken at EU, national and regional level; **NOTES** also the need to closely involve Member States in this process and **REAFFIRMS** the readiness of the Competitiveness Council to provide political guidance and momentum.
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