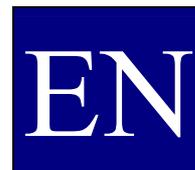




**COUNCIL OF
THE EUROPEAN UNION**



Conclusions on industrial policy for the globalisation era

***3057th COMPETITIVENESS (Internal Market, Industry, Research and Space) Council meeting
Brussels, 10 December 2010***

The Council adopted the following conclusions:

"THE COUNCIL OF THE EUROPEAN UNION

1. RECALLING

- The European Council Conclusions of 17 June 2010 adopting Europe 2020 Strategy for jobs and smart, sustainable and inclusive growth, which underline the need for a new ambitious industrial policy ;
- The European Council Conclusions of 16 September 2010¹;
- The Council Conclusions of 1st March 2010 on the need for a new industrial policy ;
- The Council Conclusions of 25-26 May 2010 on clean and energy-efficient vehicles for a competitive automotive industry and decarbonised road transport;
- The Council Conclusions of 26 November 2010 on Europe 2020 flagship initiative Innovation Union: accelerating the transformation of Europe through innovation in a fast changing world;
- That Article 173 of the Treaty on the Functioning of the European Union provides the new legal base for action of the European Union and its Member States in order to ensure that the conditions necessary for the competitiveness of the Union's industry exist in accordance with a system of open and competitive markets and for the co-ordination of Member States' industrial policies, where appropriate, enabling the Commission to take initiatives to promote co-ordination "aiming at the establishment of guidelines and indicators, the organisation of exchange of best practices, and the preparation of the necessary elements of periodic monitoring and evaluation";

¹ Doc. EUCO 21/1/10 REV 1.

P R E S S

2. UNDERLINING

- a) That industry and a wide range of related services are central to the European competitiveness, as a vital engine for European growth and job creation, a driver of productivity and innovation and a provider of solutions to societal challenges;
 - b) That a fresh approach to European industrial policy is essential to achieve the ambitious objectives of the Europe 2020 Strategy and, in particular, to ensure the transition towards a safe and sustainable, low-carbon, resource- and energy-efficient and competitive, knowledge-based European economy with a high level of growth and employment. It should make it possible to respond proactively to the challenges and opportunities faced by the European industry, in particular those linked to its transition towards a more sustainable and globalised economy;
 - c) That the industrial sectors are now at the heart of increasingly complex and interconnected globalised value and supply chains from energy and raw materials to after-sales services, and recycling of materials, extending beyond traditional geographic borders and sectoral boundaries;
 - d) The need to develop a new “European sustainable industrial competitiveness policy”, that brings together a horizontal basis and sectoral applications pursuing a global, integrated and balanced approach to industrial competitiveness, taking into account internal and external dimensions of competitiveness, and based on a strong multi-level governance;
3. WELCOMES in this context the Communication «Europe 2020 Flagship Initiative: An integrated Industrial policy for the globalisation era – Putting competitiveness and sustainability at centre stage» that sets out a strategy to boost growth and jobs by maintaining and supporting a strong, diversified and competitive industrial base in Europe offering quality jobs while becoming less carbon intensive;
 4. UNDERLINES the necessity to develop strong synergies between the industrial policy flagship and other relevant flagship initiatives,² as well as with the Small Business Act, the Single Market Act and Smart Regulation for Europe, and to mobilise all EU policies, such as competition, trade, transport, energy, environment and climate action, social and employment, education and training, cohesion, and consumer-protection policies in order to achieve the objectives of the Europe 2020 strategy;
 5. UNDERLINES the need to provide enterprises with a smart, predictable and less burdensome regulatory framework and better business environment for SMEs, enabling them to work with a long-term view that supports the flexibility and adaptability of industry, encourages sustainable investment and innovation, and CALLS for more systematic analysis, and the taking into account of the effects on competitiveness in the preparation and implementation of other EU policies. WELCOMES in this respect the Commission’s commitment to undertake an explicit and thorough “competitiveness proofing” of new legislation through the impact assessment system, ex-post evaluations and “fitness checks” of regulatory frameworks;

² Notably "Innovation Union", "Digital Agenda", "Agenda for new skills and new jobs" and "Resource-efficient Europe".

6. UNDERLINES the central importance of SMEs in the EU economy as a driver for the transformation of EU industry in line with Europe 2020 Strategy objectives, and in the meantime UNDERLINES their particular sensitivity to the effects of globalisation and the need to encourage them to seize its opportunities. CALLS for the sustained application of the “Think small first” principle and INVITES the Commission to review existing policy actions and consider new initiatives within the review of the Small Business Act addressing barriers to SME growth and strengthening competitiveness in order to facilitate SMEs to operate within the Single Market and in third country markets, ensuring better access to emerging technologies, especially eco-technologies, access to innovation, while promoting the internationalisation and cooperation between enterprises;
7. STRESSES that access to finance remains crucial for European industry and especially for SMEs, and growing companies, and will be a key factor in modernising the EU industrial base, introducing new technologies and creating new jobs. Greater leverage and the attraction of more private capital for productive investments are necessary. In this respect, CALLS for the development of more integrated and efficient capital markets, better conditions of access to financing for SMEs, regional innovation clusters and networks, and the development of appropriate support instruments at national and European levels (e.g. venture capital funds through EIB/EIF funding, risk capital and guarantee tools). An appropriate framework for State Aid must also be ensured, especially for SMEs. CALLS for potential impacts of future legislation on financial markets to be assessed regarding access to finance. INVITES the Commission to also explore options for setting-up an "IPR valorisation tool" at European level, in particular to ease SMEs' access to the knowledge market and to report back to the Council;³
8. RECOGNISES that fragmentation of markets remains a strong constraint for growth, notably for SMEs, and that both ensuring that current Single Market framework operates effectively and continuing to develop it further are key elements of industrial competitiveness, notably in relation to capital, business and other services, transport, energy, knowledge and digital markets, as well as through improved market surveillance of goods and improved IPR enforcement; NOTES the important role of efficient technical harmonisation and mutual recognition, as appropriate;
9. UNDERLINES that extending, upgrading and proper maintaining of European transport, energy and communication infrastructures and services is essential and INVITES the Member States to put particular emphasis on addressing identified networks' infrastructure bottlenecks and cross-border interconnection of energy grids, including smart networks for new mobility technologies. EMPHASISES the need for Member States and the Commission to consider the most appropriate EU financial instruments for these investments, without prejudice to the next financial framework negotiations, and to promote and encourage private investment wherever feasible.

³ Text agreed by the Competitiveness Council on 26 November 2010 (Conclusions on the Innovation Union).

10. RECOGNISES that – technological and non technological – innovation and its commercialisation are key elements in supporting the transition to a sustainable and globally competitive European industry, and STRESSES that these should constitute the heart of the EU integrated industrial policy. UNDERLINES in this respect the need to anticipate industrial transformation, to increase productivity and to promote industrial modernisation; through all forms of innovation and a timely deployment, take-up and commercialisation of technologies, including key enabling technologies, new products and services and advanced manufacturing systems, throughout EU industry, including SMEs and mid-cap companies, and INVITES the Commission to foster innovation in technology, manufacturing, business models and design, taking into account, *inter alia*, the forthcoming report of the High Level Group on Key Enabling Technologies;
- 10(a) European standardisation processes also need to be improved and speeded up to meet the needs of industry, in particular driving the more timely development of European and international standards for newly emerging goods, services and technologies (such as nanotechnology and other key enabling technologies, electric cars, health technologies, energy-efficient products, renewables, other environmental technologies and business services);
11. UNDERLINES the benefit of smart specialisation strategies and clustering policies to strengthen industrial competitiveness and innovation performances at the regional, national and EU levels by structuring of efficient innovation systems, stimulating international, cross-border and cross-sectoral co-operation, knowledge transfer, and developing innovative activities and INVITES the Commission to reinforce its initiatives and to develop a renewed ambitious strategy in this field, including encouraging a better governance of clusters, while respecting the principle of subsidiarity;
12. UNDERLINES that industrial competitiveness is increasingly relying on intangible factors such as knowledge, entrepreneurship and skills and CALLS, where appropriate for new initiatives bringing together businesses, research, education, training, life-long learning, public authorities and social partners across Europe with a view to develop closer co-ordination and share best practices, in particular on science, technology, engineering and mathematics graduates;
- 12(a) STRESSES the need for the EU to seize the benefits of open trade and investment as well as STRESSES the need for the EU to promote its interests and values more assertively and in a spirit of reciprocity and mutual benefit. The European Union's strategic partnerships with key players in the world provide a useful instrument for pursuing European objectives and interests. This will only work if the European Union's strategic Partnerships with key players in the world are two way streets based on mutual interests and benefits and on the recognition that all actors have rights as well as duties. In this context, STRESSES the need to further enhance the coherence and complementarity between its internal and external policies;

13. UNDERLINES the need to tackle more efficiently challenges and seize opportunities linked to globalisation by carrying out impact assessments before the launch of trade negotiations with potentially significant impacts and by pursuing ambitious and balanced objectives in all trading relationships. CALLS for coordinated action to ensure open markets, fair trade and competition conditions, as well as the most advantageous market access for EU industry, and notably for SMEs. EMPHASISES the need to review the interface between industrial policy and competition policy in the light of globalisation and to promote a level playing field. In this context, problems in areas such as public procurement, foreign direct investments, and access to raw materials need to be addressed. TAKES NOTE of the Commission's intention to propose an EU instrument to help secure and increase symmetry of access to public procurement markets on the basis of the EU's international commitments;
14. CONSIDERS that the question of secure, sustainable, affordable and undistorted access to energy and raw materials (inside and outside the EU) is crucial for ensuring future competitiveness of European industry, innovation and jobs and CALLS for continuous and determined action in this area, to ensure such access;
15. CONSIDERS that transition of EU industry towards the safe and sustainable low-carbon, resource- and energy-efficient economy must be pursued, and UNDERLINES that beyond challenges, greening of the economy is also an opportunity that Europe must seize by developing a strong, open and competitive market place. In this respect, CALLS for the development of a coherent approach, including improvement of framework conditions taking account of the sectoral dimension, encouraging supply and demand-oriented measures, for investment in eco-efficiency and resource-efficiency, and for further development of eco-technologies and eco-innovations, such as clean and energy efficient vehicles, taking into account individual specificities of Member States;
16. CONSIDERS that strong attention should be given to the risk of carbon and production leakage when defining environmental objectives; global agreements should be concluded to reach common environmental goals and to ensure a level playing field. And furthermore, CALLS for accompanying measures of the industrial transition towards a more eco-efficient model, taking into account the short term costs or burdens. UNDERLINES in particular that competitiveness of highly energy-intensive industries and their anchoring in Europe remains a source of concern, notably with regard to the issues linked to them for other downstream industries, and CALLS for actions to improve framework conditions and support innovation, taking account of the sectoral dimension;
17. CONSIDERS that in a constantly evolving context in which the pace of change is speeding up, new approaches have to be developed in order to anticipate and increase adaptability to changes in the competitive environment and to facilitate industrial change more effectively, notably as regards social consequences and strengthening the resilience of regional economies. CALLS for reviewing and mobilising, as appropriate, all relevant tools in that perspective, notably structural and cohesion funds, European globalisation adjustment fund, and WELCOMES the Commission's plans to conduct a review of the relevant State aid frameworks. EMPHASISES the role corporate social responsibility can play in building a fair and competitive business environment based on trust and stakeholder dialogue;

18. WELCOMES the proposed targeted approach of the sectoral dimension to complement horizontal measures, which is based on a stronger focus on industrial innovation, excellence, value chains, and response to societal challenges. ACKNOWLEDGES the relevance of the identified sectors to develop tailor-made initiatives that prioritise framework conditions and are based on thorough impact analysis, and LOOKS FORWARD to forthcoming proposals from the Commission in those fields and in other appropriate fields with high growth potential where the EU can excel in global markets, including sectors which are highly capital-, technology-, and knowledge- intensive;
19. UNDERLINES in particular the role of the space sector in EU competitiveness and innovation and NOTES the Commission' intention to propose the necessary space policy measures and to pursue a space industrial policy covering the whole supply chain in collaboration with the European Space Agency and Member States with a view to further developing a solid industrial base and to promoting a healthy commercial space sector, as a key factor for a sustainable European space industry;
20. WELCOMES the Commission's proposals as regards the better monitoring of industrial competitiveness and policies, and an enhanced co-ordination and INVITES the Commission, the European Parliament, the Member States and their Regions, as well as other relevant stakeholders, to strengthen co-operation in developing, implementing and monitoring industrial policies, notably through specific initiatives, including promoting coordination according to Article 173(2), peer reviews and exchanges of good practices, on the basis of Commission's annual report. More specifically, the Council (Competitiveness) should discuss and monitor progress in the relevant Europe 2020 flagships and headline targets and also monitor industrial competitiveness and policies, notably in the context of the implementation of National Reform Programmes, on the basis of the Commission annual report on EU and Member States' competitiveness. Concerning the ongoing work on specific macro-economic imbalances in Member States, the Council (Competitiveness) should be associated regarding the necessary micro-economic and structural reform measures under its competence;
21. INVITES the Commission, the Member States and their Regions, as well as all relevant stakeholders, to engage themselves, in an effective and timely way, in the development and implementation of the proposals set out in the Communication."