

Mid-term review of industrial policy: a contribution to the EU's growth and jobs strategy

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PURPOSE: to set out a mid-term review of the EU's industrial policy and to present new measures for 2007-2009.

CONTENT: in a 2005 Communication, the Commission set out, for the first time, an Integrated Approach to industrial policy based on a concrete work programme or horizontal and sectoral initiatives. (See [INI /2006/2003](#)). This approach was approved by both the Council and the European Parliament, who requested the Commission to implement the policy initiatives and present, by 2007, a review of progress made and any new initiatives should they be necessary.

The report finds that although the 2005 Industrial Policy objectives remains valid, some challenges, still remain and have, in some cases, grown in significance. Globalisation, technological and climate change have all added to the competitive pressure on the EU economy, requiring it to make large adjustments. In order to address these challenges this Commission paper is proposing to launch a set of horizontal initiatives:

Simplifying and improving the regulatory environment and reducing administrative burdens:

Simplifying the regulatory environment will remain one of the Commission's top priorities. In addition, the Commission will continue to prioritise the need to offer and promote "eco-innovation" through the promotion of sustainable consumption and production patterns. Particular attention will be given to areas such as construction, business statistics, health and safety, employment relations, transport and fiscal matters. Further, the Commission remains committed to measuring the costs of administrative burdens and, where possible, reducing such costs.

Lead market initiative: The main aim of the lead market initiative is to contribute to unlocking the market potential of innovative products and services by listing obstacles that hinder the development of new markets through a concerted and focused approach of regulatory and other policy instruments. These instruments include the legal and regulatory framework, fostering open-innovation mechanisms, standards, public procurement practices, intellectual property protection, and the availability of venture capital. The Commission will prepare a policy paper later this year proposing the implementation of a lead market approach.

Standards initiative: The standards initiative will seek to make it easier for RT&D findings to make their way onto the market. It will also seek, for example, to promote the uptake of new low carbon and energy efficient technologies. Both of these initiatives will require the European standards organisation to adapt their processes so that they can deliver the appropriate products in a timely fashion.

Cluster initiative: This initiative will assess how the combined actions of the Member States and the Commission can help support clusters and how it can reinforce the European area of knowledge by transforming it into a powerful web of competitive, world-class clusters.

Sustainable industry initiative: The main thrust of this initiative will be to turn potential challenges into opportunities for EU industry. This should help transform the EU economy towards a low carbon and resource efficient one. In addition, the Commission will draw up a complementary Action Plan that promotes sustainable production and consumption across the EU.

Energy Intensive Industries: These industries will require particular attention in the years ahead. Cost efficient measures are needed to improve both Europe's competitiveness as well as the impact European industries have on the environment.

Access to natural resources and raw materials: Access to raw materials is essential. Measures that contribute towards a sustainable and safe access, therefore, need to be developed. Measures should include improving resource efficiency and access to domestic raw materials, opening up the EU market for renewable raw materials, supporting the development of exploration technologies and ensuring the availability of skilled staff. In addition, multilateral and bilateral trade agreements must ensure that third countries support open and undistorted markets.

Structural change initiative: Under this initiative, the Commission will extend its analytical work and seek to facilitate the exchange of best practice. A first annual Restructuring Report will be published in mid-2008. In the meanwhile, this initiative will offer stakeholders improved information on restructuring and how to deal with its consequences. Consideration should be given to how EU funds can best be used in this context.

Industry/services initiative: The purpose of this initiative is to conduct a detailed screening and competitiveness analysis of the service sector and its impact on industrial competitiveness. One of its main objectives will be to identify all obstacles to improved competitiveness and possible market failures.

In addition to the horizontal initiatives set out above, the Commission will be examining in greater detail sector-specific issues. Two new initiatives will be undertaken concerning the food processing industry and electrical engineering, both of which are large sectors offering good job creation and growth potential. Other industrial sectors subject to closer examination include the space industry, defence industry and the pharmaceutical sector.