


Procedure file

Basic information		
COS - Procedure on a strategy paper (historic)	1996/2215(COS)	Procedure completed
Competitiveness of European industry, benchmarking		
Subject 3.40.14 Industrial competitiveness		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy	PPE GARCÍA-MARGALLO Y MARFIL José Manuel	19/11/1996
Council of the European Union	Committee for opinion	Rapporteur for opinion	Appointed
	ENER Research, Technological Development and Energy	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Industry	2001	24/04/1997
	Industry	1962	14/11/1996

Key events			
09/10/1996	Non-legislative basic document published	COM(1996)0463	Summary
14/11/1996	Resolution/conclusions adopted by Council		
09/12/1996	Committee referral announced in Parliament		
20/03/1997	Vote in committee		Summary
20/03/1997	Committee report tabled for plenary	A4-0113/1997	
08/04/1997	Debate in Parliament		
09/04/1997	Decision by Parliament	T4-0151/1997	Summary
09/04/1997	End of procedure in Parliament		
24/04/1997	Debate in Council	2001	
28/04/1997	Final act published in Official Journal		

Technical information

Procedure reference	1996/2215(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08357

Documentation gateway

Non-legislative basic document	COM(1996)0463	09/10/1996	EC	Summary
Committee report tabled for plenary, single reading	A4-0113/1997 OJ C 132 28.04.1997, p. 0006	20/03/1997	EP	
Text adopted by Parliament, single reading	T4-0151/1997 OJ C 132 28.04.1997, p. 0069-0106	09/04/1997	EP	Summary
Economic and Social Committee: opinion, report	CES0767/1997 OJ C 296 29.09.1997, p. 0008	09/07/1997	ESC	Summary

Competitiveness of European industry, benchmarking

OBJECTIVE: Following on from the Commission proposal: 'A Confidence Pact for Employment', the purpose of this Communication is to present an updated analysis of the current state of Europe's competitiveness and to advocate the benchmarking of performances as a tool to promote the improved implementation of measures in key areas for competitiveness. **SUBSTANCE:** the Commission is certain that, despite its many strong points, the European Union is not exploiting its potential or matching the performance of its major competitors in terms of standards of living, productivity and job creation, with the result that resources are left idle and unemployment rates are high. It goes on to identify a number of problems and challenges to be taken up in the area of competitiveness, the chief ones being: high costs and low intangible investment; excessive public deficits; the continuing need to control state aid; the need to improve the system of life-long learning and upgrade human resources; delays in adopting new technologies (e.g. the information society); financing innovation; and quality control. On the basis of this analysis, the Commission proposes that the Council and Parliament should promote: - benchmarking as a valuable tool for identifying the underlying reasons for poor competitive performances and helping to address these weaknesses and back the Commission's intention of presenting a benchmarking programme in the coming year, on the basis of close consultations with industry and the Member States, to track progress in improving competitiveness in key areas; - a European Quality Promotion policy based on a multi-annual European Quality Promotion Programme of actions, centring in particular on the promotion of self-assessment, benchmarking, networking of information and the development of European Quality Training programmes and techniques for measuring progress. ?

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In a move to identify reasons for Europe's gradual loss of market share to Japan and the USA, the Commission had adopted the technique of "benchmarking" or identifying inefficiencies through a system of comparisons. The first problem is the degree of risk facing European businesses operating in the Single Market when compared to Japanese or American businessmen benefiting from a single currency. Although this can be expected to be reduced with the introduction of Economic and Monetary Union, the present constraint in reducing public expenditure to meet the Maastricht treaty criteria can have an adverse effect on public expenditure devoted to infrastructure. A stable economy and legal certainties are other important factors for business. Other points are energy and telecommunications' costs, a skilled workforce and tax treatment of savings and capital. There are also specific issues relevant to each industry.< Reporting for the economic committee, José Manuel Garica-Margallo y Marfil (E, EPP) has tabled a draft resolution which emphasizes, when using the concept to measure living standards, the need to take account of such factors as environmental standards and low crime levels. Other points such as the level of health and safety in the workplace should also be included. The non- wage costs of labour at 44% in the EU compared to 28% in the USA and 24% in Japan are also relevant. But here the draft resolution emphasises the need to channel more resources to retraining and other measures to promote employment rather than just easing the consequences of unemployment. For the future, the draft resolution calls on the Commission to continue with benchmarking through pilot projects with a view to identifying the best practice. A detailed work programme should be produced.?

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In adopting the report by Mr José Manuel GARCIA-Margallo Y Marfil (EPP, Esp), Parliament called for improvements in the use of 'benchmarking', a technique adopted by the Commission to identify shortcomings under a system of comparison. The report highlights aspects such as: (a) benchmarking and competitiveness: the report stresses that an overall benchmark of the performance of the EU is the rate of net job creation; (b) infrastructure and services: Parliament urges that benchmarking be used as a means to compare levels of public investment in the EU with those in the US and Japan and advocates reducing the discrepancies in development among the various regions of the EU by

means of infrastructure investment; it calls for the liberalizations pending in the services sector to be continued and for markets to be opened up more quickly in sectors such as professional services, financial services, energy, transport and telecommunications; (c) labour market and social legislation: Parliament believes that to preserve the social protection systems in Europe priority should be given to active employment measures (retraining of workers, training, mobility, etc.); it considers job stability and flexibility to be compatible objectives and calls on the social partners, including SMEs, to be involved in their attainment; (d) research and development: the report calls for imaginative ways to be found to enable greater economic resources to be devoted to research and development. On the subject of future action, Parliament calls on the Commission: - to draw up pilot projects as soon as possible in close cooperation with the Member States and representatives from industry and the trade unions, in order to map out the problems posed in the area of benchmarking and to find standardized processes to identify and characterize best practice; - to arrange for the exchange and collection of information about existing work concerning benchmarking at different levels: worldwide, within the OECD, and at European, national and company level, in order to take advantage of existing experience; - propose a work programme for the forthcoming work on benchmarking, after consulting Parliament. As soon as the results of the pilot projects are available, the Commission should submit an annual progress report for benchmarking. This report could be included in the annual competitiveness report and would be discussed in Council in an annual discussion on competitiveness after Parliament has been consulted. ?

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The Committee stresses the need for full consistency between the benchmarking initiative and the implementation of other Community policies, such as research and development, innovation, economic and social cohesion, and companies policy. The Committee endorses the idea of benchmarking as long as it is really a matter of starting an ongoing process based on objective data and covering well-defined fields so as to provide real assistance to decision-making in specific areas with operational prospects, helping to make best practice more widespread. The Committee stresses that these proposals should be rapidly put into effect. It suggests, in particular, test pilot projects whose objectives and arrangements would be agreed with the parties concerned, including the economic and social actors. The Committee is pleased that the Commission has presented an additional Communication, meeting the requests of the ESC and the Council. ?