


Procedure file

Basic information		
INI - Own-initiative procedure	2004/2154(INI)	Procedure completed
Industrial policy for an enlarged Europe: fostering structural change		
Subject 3.40 Industrial policy		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ITRE Industry, Research and Energy		21/09/2004
		PPE-DE VLASTO Dominique	
	Committee for opinion	Rapporteur for opinion	Appointed
	INTA International Trade	The committee decided not to give an opinion.	
	ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
	EMPL Employment and Social Affairs		07/10/2004
		ALDE LEHIDEUX Bernard	

Key events			
20/04/2004	Non-legislative basic document published	COM(2004)0274	Summary
28/10/2004	Committee referral announced in Parliament		
25/04/2005	Vote in committee		Summary
12/05/2005	Committee report tabled for plenary	A6-0148/2005	
08/06/2005	Debate in Parliament		
09/06/2005	Decision by Parliament	T6-0230/2005	Summary
09/06/2005	End of procedure in Parliament		

Technical information	
Procedure reference	2004/2154(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54

Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/23588

Documentation gateway					
Non-legislative basic document		COM(2004)0274	20/04/2004	EC	Summary
Economic and Social Committee: opinion, report		CES1640/2004 OJ C 157 28.06.2005, p. 0075-0083	15/12/2004	ESC	
Committee opinion	EMPL	PE355.412	21/04/2005	EP	
Committee report tabled for plenary, single reading		A6-0148/2005	12/05/2005	EP	
Text adopted by Parliament, single reading		T6-0230/2005 OJ C 124 25.05.2006, p. 0419-0510 E	09/06/2005	EP	Summary

Industrial policy for an enlarged Europe: fostering structural change

PURPOSE : to present a Communication from the Commission on fostering structural change: an industrial policy for an enlarged Europe.

CONTENT : manufacturing industry still plays a key role in Europe's prosperity. It is, however, facing

challenges and there is a real concern about the risk that the Union is facing a process of deindustrialisation. The analysis carried out by the Commission indicates that there is no proof of a generalized process of deindustrialisation. That said, European industry is having to face up to a process

of structural change which is beneficial overall and which should be encouraged, in particular by policies that facilitate the development and the use of knowledge. From this point of view, Europe's disappointing performances, notably in terms of productivity, research and innovation, are worrying. This is corroborated by the fact that the delocalisation of industrial activities appears no longer to be limited only to traditional sectors with a high labour density, but are beginning to be observed in intermediate sectors - which constituted the established strengths of European industry - or even in some high-technology sectors, where there are indications of a delocalisation of some research activities, or in the services sector. India and China are the main beneficiaries of these movements. Economic internationalisation offers opportunities, however, to Europe's industry as long as industrial policy supports the necessary evolutions.

From this point of view, the forthcoming enlargement of the EU offers important opportunities to European business, not only as a result of the extension of the internal market but also because it offers the possibility of reorganising value chains across the continent, making the most of the competitive advantages of the New Member States. Nevertheless, the benefits for these countries of their relatively low labour costs will be temporary. The transition to a knowledge economy will be vital and a certain regulatory prudence will be necessary to avoid putting a strain on the industrial competitiveness of these countries.

Faced with this diagnosis, the Commission intends to mobilise industrial policy to accompany the process of industrial change. This implies three types of actions:

- 1) the European Union must continue its efforts in regulating better, and to create a regulatory framework that is favourable to industry. Therefore, in the framework of the integrated impact assessment of Commission proposals and initiatives, which covers the three pillars of sustainable development, the evaluation of competitiveness aspects needs to be deepened. Also efforts need to be made to evaluate regulation's cumulative impact, for example, on certain sectors. These efforts should not be limited to the Commission alone: they should commit also the other Community institutions and the Member States;
- 2) the synergies between different Community policies having an impact on industry's competitiveness need to be better exploited. The Commission has identified a number of specific initiatives, in 5 different domains, which could improve these synergies, and particularly the capacity of European industry to confront the problems of structural change. In the domain of knowledge, it is, in particular, innovation, research, training and competition policies which have a key role to play. Similarly, the functioning of markets can still be improved, whether it is in addressing the shortfalls of the internal market or in eliminating some tax obstacles to its full use by business. Cohesion policy, and in particular regional policy and employment policy can also contribute actively to the process of structural change, specifically by promoting the development and the spread of knowledge. As for sustainable development, this has a positive contribution to make to industrial competitiveness, notably through the development of a policy of sustainable production. Finally, the international dimension of industrial policy must be further advanced, in particular to improve the access of Community companies to the markets of third countries, and to export the regulatory approaches that have been successfully implemented by the Union inside the single market;
- 3) the Union must continue to develop the sectoral dimension of industrial policy. This implies analysing the effectiveness at a sectoral level of policy instruments which are of a horizontal nature, with a view to evaluating their relevance and to propose, if necessary, the appropriate adjustments. The Communication presents the sectoral initiatives that have already begun over the last few months and announces several new initiatives in sectors such as the car industry or mechanical engineering.

Industrial policy for an enlarged Europe: fostering structural change

The committee adopted the own-initiative report drawn up by Dominique VLASTO (EPP-ED, FR) in response to the Commission paper.

The committee said that creating new jobs must be an industrial policy objective. It was vital to push industry's attractiveness amongst young people. Another objective should be to devise an industrial policy that will enable European 'industrial champions' to emerge.

MEPs called on the Commission to draw up an industrial inventory to make up for the lack of data available in the new Member States. They also demanded statistical and economic studies and analyses about SMEs in all EU countries, particularly those engaged in craft trades. The Commission and Council were urged to develop a Community strategy agreed with the organisations representing enterprises to encourage ownership succession for existing viable enterprises. In general, the committee stressed the importance of measures to reduce the administrative burden on SMEs.

Though supporting the aim of reducing the global volume of aid to enterprises, the report called on the Commission to maintain within the Structural Funds all aid instruments for the economic conversion of regions affected by industrial relocation. Mutual guarantee schemes could provide enterprises with easier access to financial instruments. MEPs also called for the development of innovative financing arrangements in order to respond to the new tangible investment needs of enterprises, including small and micro-enterprises, particularly in the areas of standards, technologies, the environment and market development.

Industrial policy for an enlarged Europe: fostering structural change

The European Parliament adopted a resolution based on an own-initiative report drafted by Dominique VLASTO (EPP-ED, FR), by 472 votes in favour to 38 against and 47 abstentions, on strengthening European competitiveness. (Please see the summary of 25/04/2005.) Parliament supported the promotion of a proactive industrial policy to foster and anticipate structural change and develop a sound and competitive European industrial base.

Boosting jobs must be one of the most important industrial policy objectives. It is vital to make industry more attractive to young people. To this end, information on industrial trades and skills must be provided, together with a European policy on recognition of qualifications and lifelong learning. Parliament called on the Social Partners to take their share of responsibility for promoting joint action. It also wants to see an industrial policy that will enable European 'industrial champions' to emerge.

Taking account of the different dimensions of European industrial policy: Parliament endorsed the Commission's sectoral approach, and called for that approach to take into account the role in terms of production and outsourcing to be played by SMEs, and small and medium sized industries (SMIs) by creating cooperative chains. This approach should also take into account micro-enterprises which represent more than 92% of enterprises in the EU.

Parliament stated that it regretted that the Commission has failed to make the efforts needed to help the sectors and regions particularly affected by industrial change, as the public authorities have the task of implementing short-term policies specifically targeted at the employees, regions and sectors concerned. The structural funds, in particular the European Social Fund, could be channelled in this direction. Parliament underlined the lack of knowledge about small enterprises, particularly those engaged in craft trades, throughout the Member States, including the old ones, and reiterated its request for statistical and economic studies and analyses concerning these enterprises.

It endorsed the Commission's key conclusion that regulatory simplification is necessary to maintain the still fragile competitiveness of the new Member States, and considers that this requirement for a lighter legislative touch should apply to all Member States.

A method and a regulatory framework to serve our industrial ambitions: Parliament considered that industrial policy should form a part of the revised Lisbon strategy. It called for the industrial dimension to be taken into account in the strategy's three pillars. Better utilisation of the synergies between the various Community policies that impact on industrial competitiveness will be possible only if this objective is spelt out in the action programme for achieving the Lisbon objectives.

Instruments to support European industry: Parliament stressed the importance of measures to reduce the administrative burden on SMEs. Small enterprises still derive only limited benefit from existing Community programmes on account of their complexity, the guarantees required or administrative difficulties. The Commission should improve them and enter into consultation with the organisations representing enterprises with a view to enhancing their efficiency, especially as regards widening the possibilities for R&D transfer to SMEs and arranging for targeted information campaigns. Parliament made several suggestions on other community instruments:

- the 7th Framework Programme for research and development should map out a clear long-term strategy to strengthen industry's capacity for innovation;
- technology platforms should be further boosted;
- the competitiveness problem of the European economy, which is partly the result of a mismatch between the generation of scientific knowledge (of which there is an adequate supply in the EU) and the inadequate ability to transform this knowledge into innovation and, especially, production. Industry's participation in the allocation of financial support priorities may improve this situation, and efforts must therefore be made towards the participation of industry, and the improvement of the position of SMEs, in the 7th Framework Programme.

Parliament said that it supported the aim of reducing the global volume of aid to enterprises, but pointed to the usefulness of certain types of aid in offsetting shortcomings in the market, such as aid for research and development, for training, particularly professional training and apprenticeship, for advisory services and for economic development assistance for enterprises. Education and training should be given priority, in particular as regards new technologies.

Parliament noted the importance of State Aid to SMEs in the Member States, and called on the Commission to maintain within the Structural Funds all aid instruments for the economic and socio-economic reconversion of regions affected by industrial relocation.

Finally, it stressed that the fragmentary nature of European financial markets is an obstacle to the sound functioning of risk capital markets and considered it a priority to remedy this in order to give enterprises easier access to sources of finance for enterprises.