

Procedure file

Basic information		
INI - Own-initiative procedure	2007/2257(INI)	Procedure completed
Mid-term review of industrial policy: a contribution to the EU's growth and jobs strategy		
Subject		
3.40 Industrial policy		
3.40.14 Industrial competitiveness		
4 Economic, social and territorial cohesion		
5.05 Economic growth		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ITRE Industry, Research and Energy		09/10/2007
		PPE-DE JORDAN Romana	
	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	The committee decided not to give an opinion.	
	ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
	IMCO Internal Market and Consumer Protection		21/11/2007
		PPE-DE TOUBON Jacques	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	2844	22/01/2008
	Competitiveness (Internal Market, Industry, Research and Space)	2832	22/11/2007
European Commission	Commission DG	Commissioner	
	Internal Market, Industry, Entrepreneurship and SMEs	VERHEUGEN Günter	

Key events			
04/07/2007	Non-legislative basic document published	COM(2007)0374	Summary
22/11/2007	Resolution/conclusions adopted by Council		Summary
29/11/2007	Committee referral announced in Parliament		

22/01/2008	Debate in Council	2844	Summary
21/04/2008	Vote in committee		Summary
28/04/2008	Committee report tabled for plenary	A6-0167/2008	
21/05/2008	Debate in Parliament		
22/05/2008	Results of vote in Parliament		
22/05/2008	Decision by Parliament	T6-0226/2008	Summary
22/05/2008	End of procedure in Parliament		

Technical information

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Procedure subtype	Initiative
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Committee dossier	ITRE/6/56508

Documentation gateway

Document attached to the procedure		SEC(2007)0771	04/06/2007	EC	
Non-legislative basic document		COM(2007)0374	04/07/2007	EC	Summary
Document attached to the procedure		SEC(2007)0917	04/07/2007	EC	
Committee draft report		PE400.514	19/02/2008	EP	
Amendments tabled in committee		PE404.584	28/03/2008	EP	
Committee opinion	IMCO	PE402.495	08/04/2008	EP	
Committee report tabled for plenary, single reading		A6-0167/2008	28/04/2008	EP	
Text adopted by Parliament, single reading		T6-0226/2008	22/05/2008	EP	Summary
Commission response to text adopted in plenary		SP(2008)3593/2	12/06/2008	EC	
Commission response to text adopted in plenary		SP(2008)4116	17/07/2008	EC	

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

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.

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

The Council adopted Conclusions on 'an integrated approach to competitiveness' in which it welcomes the Commission's vision for the Growth and Jobs Strategy and stresses that the new cycle will represent the key instrument for tackling the current challenges. The Council acknowledges the need to reinforce competitiveness in tackling further reforms, at the Member States in particular in the following policy areas:

- enhancing the role of Industrial Policy, focusing on favourable and stable framework conditions to improve sustainability, technology and innovation;
- putting more emphasis on SMEs, taking into account their role as drivers of growth and job creation;
- endorsing education and training as a key driver of the Lisbon Strategy;
- promoting the role of R&D and innovation, including non-technological innovation;
- ensuring an efficient and effective Internal Market;
- accelerating the implementation of the Better Regulation Agenda, including the reduction of administrative burdens; and
- developing the external dimension of competitiveness.

Concerning industrial policy, the Council emphasises the importance of a strong and dynamic industrial base and the need to reinforce industrial policy. It considers that the main role of industrial policy at EU level is to set clear long-term priorities and to strengthen and deepen the right framework conditions for enterprise development and increased innovation, taking into account the needs of small and medium-sized enterprises (SMEs) and the impact on the different EU industrial sectors. The objective is also to make Europe a world leader in environmentally friendly and socially acceptable low-carbon and energy- and resource-efficient products, technologies and services.

The Member States and the Commission are called upon to take further action, in what concerns the European and international Regulatory Framework and international trade rules and standards to achieve a worldwide level playing field.

The Council underlines that lifelong learning programmes should be designed in such a way as to boost competitiveness, technological development, innovation, entrepreneurship and to anticipate the adjustment to structural changes.

The Commission is invited to implement without delay the work programme for 2007-2009 set out in this Communication on the mid-term review of industrial policy. In this regard, the Council welcomes the new sectoral initiatives put forward by the Commission on food processing

and electrical engineering and notes with interest the stepping up of the ongoing work on space industry, defence equipment market and non-military security research and in the pharmaceutical sector. It invites the Commission to continue implementing the follow-up of the initiatives on automotive and mechanical engineering sectors.

The Council also supports Commission's intention to build on ongoing work by means of the new horizontal initiatives proposed. In this regard, it stresses that, in order to strengthen international competitiveness, the main objectives of the initiative on sustainable industrial policy should be: a) speeding-up of eco-innovation and development of markets for low carbon and energy and resource efficient technologies, sustainable products and services; b) the exploitation of the full potential of the internal market and creation of conditions for global competition; and c) the exploitation of the first mover advantage by European companies.

In this context, it underlines the importance of using the following tools in a proportionate manner, taking into account the SMEs specificities, where appropriate:

- use of product policy, including the identification and promotion of 'advanced performance' benchmarks;
- leveraging innovation, including technological and non-technological innovation, with efficient and effective use of Community funding programmes and Community State Aid rules on Environmental Protection and on Research, Development and Innovation;
- developing an internal market for renewables and energy efficient technologies, products and services and an efficient operation and completion of EU internal market for gas and electricity;
- promoting Global Sectoral Agreements to reduce the environmental impact of industry worldwide and to create a level playing field for industry sectors internationally;

The Commission is invited to keep the Council informed of the progress achieved and the results of the initiatives, and to set out, when appropriate, a further programme of measures aimed at strengthening the competitiveness of industry in Europe.

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

The Council held a policy debate on the next three-year cycle of the EU's Lisbon strategy for growth and jobs (2008-10), to be launched by the European Council at its meeting on 13 and 14 March.

The debate covered the following elements:

- report from the Commission on the renewed Lisbon strategy and the launch of the new cycle 'Keeping up the pace of change?';
- draft broad economic policy guidelines (BEPGs) for the 2008-10 period;
- draft country-specific integrated recommendations; and
- proposal for a new Community-level Lisbon strategy programme for the 2008-10 period.

The Commission suggests that the main focus of the new three-year cycle be on implementation and delivery of reforms, given that the Lisbon strategy is now considered to be delivering on its objectives. The four current pillars of the strategy - knowledge and innovation, employment, the business environment and energy and climate change - continue to be valid. And whilst evolving challenges need to be addressed, the current guidelines are not considered to require a fundamental overhaul.

Nevertheless, implementation of reforms and recommendations needs to be improved in a number of areas. These include research, innovation mechanisms, SMEs, the single market, the modernisation of public administration, education and skills, "flexicurity" (flexibility and security on labour markets), social inclusion, territorial cohesion, energy, climate change, visibility of the social dimension, and the sustainability and quality of public finances.

The Lisbon strategy is implemented under national reform programmes for the member states, with a Community-level Lisbon programme to complement these.

The Council is scheduled to approve, at its meeting on 4 March, a report to the European Council on the BEPGs and on the country-specific recommendations.

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

The Committee on Industry, Research and Energy adopted the own initiative report by Romana JORDAN CIZELJ (EPP-ED, SI) on the mid-term review of industrial policy, in response to the Commission's Communication on this subject.

The report welcomes the Commission's communication and stresses that a prosperous industrial sector is essential for the achievement of the Lisbon goals. However, it regrets the weakness of the link between EU and national industrial policy and supports the Commission's and Member States' initiatives to strengthen this link.

MEPs believe that the main role of EU industrial policy is to put in place the right framework conditions for enterprise development, industrial investment, innovation and job creation, paying particular attention to the needs of small and medium-sized enterprises (SMEs). They argue in favour of an open and competitive internal market in services and industry and stress the crucial role of competition policy in this respect. They also underline the importance of an efficient public procurement regime for the competitiveness of European industry.

The Commission is called upon to step up its efforts to eliminate unnecessary administrative barriers that make access to the internal market difficult, to simplify and to improve the regulatory environment and to reduce the administrative burden on enterprises. In this context, MEPs support the forthcoming initiative for a 'Small Business Act' at European level. They also stress the urgency of establishing an EU-wide market for venture capital by removing existing regulatory and tax obstacles to venture capital investments in Europe's most innovative small firms.

The report underlines that the EU's environmental goals should not be seen as a threat to industry, but as an opportunity to gain a first mover advantage and make industry in the EU a world leader in environmentally friendly and socially acceptable technologies, products and services. MEPs consider that the Commission's proposed action plan on sustainable industrial policy should put in place a framework for a gradual transition towards a low carbon and energy and resource-efficient industry.

MEPs welcome the significant contribution of cohesion policy to ensuring competition in the industrial sector, and encourage Member States to further focus their investments within the European Regional Development Fund and the European Social Fund on fields which promote the growth of human capital, research, innovation, entrepreneurship and on assistance for SMEs. More generally, they draw attention to the need for ongoing priority investment in education, training and research.

The committee recalls that innovative products (representing 73% of EU exports) significantly strengthen the EU's competitive advantage. However, it notes that the EU still lags behind the United States and Japan in innovation. Therefore, it believes that Community funding programmes, such as the Seventh Framework Programme for research activities or the Competitiveness and Innovation Framework Programme, and the European Institute for Innovation and Technology, should be exploited to their fullest. In this respect, it welcomes the 'lead market' initiative and the Standards Action Programme.

Lastly, the report highlights that, in order to boost innovation throughout the EU, it is essential to support invention-related activities and protect the products of those activities. MEPs call on the Council to take action to introduce a Community patent as soon as possible and calls on the Commission to continue to combat counterfeiting and to work towards global solutions in this area, based predominantly on European models.

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

The European Parliament adopted, by 443 votes to 62 and 21 abstentions, a resolution on the mid-term review of industrial policy, in response to the Commission's Communication on this subject. The own initiative report had been tabled for consideration in plenary by Romana JORDAN CIZELJ (EPP-ED, SI) on behalf of the Committee on Industry, Research and Energy.

The resolution welcomes the Commission's communication and stresses that a prosperous industrial sector is essential for the achievement of the Lisbon goals. However, it regrets the weakness of the link between EU and national industrial policy and supports the Commission's and Member States' initiatives to strengthen this link.

MEPs believe that the main role of EU industrial policy is to put in place the right framework conditions for enterprise development, industrial investment, innovation and job creation, paying particular attention to the needs of small and medium-sized enterprises (SMEs). They argue in favour of an open and competitive internal market in services and industry and stress the crucial role of competition policy in this respect. They also underline the importance of an efficient public procurement regime for the competitiveness of European industry.

The Commission is called upon to step up its efforts to eliminate unnecessary administrative barriers that make access to the internal market difficult, to simplify and to improve the regulatory environment and to reduce the administrative burden on enterprises. Parliament encourages the Commission to use a coherent approach to SMEs in all EU policies by properly applying the 'think small first' principle. It strongly supports the initiative for a 'Small Business Act for Europe' It also stresses the urgency of establishing an EU-wide market for venture capital by removing existing regulatory and tax obstacles to venture capital investments in Europe's most innovative small firms.

Parliament is of the opinion that the EU's environmental goals should not be seen as a threat to industry, but as an opportunity to gain a first mover advantage and make industry in the EU a world leader in environmentally friendly and socially acceptable technologies, products and services. It points out that the impact of environmental legislation on the international competitiveness of energy intensive industries in the EU should be taken into consideration urgently in order to avoid carbon leakage and unemployment. In this connection, the Commission is urged actively to promote the setting up of global sectoral agreements that can reduce the environmental impact of specific industries worldwide while ensuring a level playing field.

MEPs welcome the significant contribution of cohesion policy to ensuring competition in the industrial sector. They encourage Member States to focus their investments within the European Regional Development Fund and the European Social Fund on fields which promote the growth of human capital, research, innovation, entrepreneurship and on assistance for SMEs. More generally, they draw attention to the need for ongoing priority investment in education, training and research.

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