



## GENERAL PRINCIPLES OF EU INDUSTRIAL POLICY

The EU's industrial policy aims to make European industry more competitive so that it can maintain its role as a driver of sustainable growth and employment in Europe. Various strategies have been adopted in order to ensure better framework conditions for EU industry, the most recent being described in the communication 'For a European Industrial Renaissance', of January 2014.

### LEGAL BASIS

Article 173 TFEU.

### OBJECTIVES

Industrial policy is horizontal in nature and aims to secure framework conditions favourable to industrial competitiveness. It is also well integrated into a number of other EU policies such as those relating to trade, the internal market, research and innovation, employment, environmental protection and public health. EU industrial policy is specifically aimed at: (1) 'speeding up the adjustment of industry to structural changes'; (2) 'encouraging an environment favourable to initiative and to the development of undertakings throughout the Union, particularly small and medium-sized undertakings'; (3) 'encouraging an environment favourable to cooperation between undertakings'; and (4) 'fostering better exploitation of the industrial potential of policies of innovation, research and technological development' (Article 173 TFEU).

### ACHIEVEMENTS

#### A. Introduction

The instruments of the EU's industrial policy, which are also those of enterprise policy, aim to create the general conditions in which entrepreneurs and businesses can take initiatives and exploit their ideas and opportunities. Nonetheless, industrial policy should take into account the specific needs and characteristics of individual sectors. The annual European Competitiveness Reports analyse the strengths and weaknesses of the EU's economy in general and its industry in particular, and may trigger cross-sectoral or sectoral policy initiatives.

#### B. Towards an integrated industrial policy

While in the 1980s and 90s the EU institutions focused mainly on the creation of a single market, the formation of the Economic and Monetary Union and EU enlargement have shifted attention towards industrial policy. In July 2005, for the first time, a Commission communication entitled 'Implementing the Community Lisbon Programme: A policy framework to strengthen EU manufacturing — towards a more integrated approach for industrial policy' ([COM\(2005\) 0474](#)) set out an integrated approach to industrial policy based on a concrete work programme of cross-sectoral and sectoral initiatives.

The 2008 Commission communication entitled ‘Sustainable Consumption and Production and Sustainable Industrial Policy Action Plan’ ([COM\(2008\) 0397](#)) was aimed at delivering an integrated package of measures to foster more sustainable consumption and production, while making the European economy more competitive. In order to achieve this ‘virtuous circle’, the Action Plan proposed making use of a variety of policy instruments. For example, consumer demands were to be channelled towards more sustainable consumption through a simplified labelling framework.

In response to the challenges involved in securing a sustainable supply of non-energy raw materials for the EU economy, the Commission launched the ‘raw materials initiative’ ([COM\(2008\) 0699](#)), which seeks to ensure a level playing field in access to resources in third countries, better framework conditions for extracting raw materials within the EU, and reduced consumption of primary raw materials through increased resource efficiency and the promotion of recycling. A subsequent Commission communication ([COM\(2011\) 0021](#)) proposed reinforcing the implementation of this initiative.

In its communication ‘Preparing for our future: Developing a common strategy for key enabling technologies in the EU’ ([COM\(2009\) 0512](#)), the Commission stated that the EU would foster the deployment of key enabling technologies (KETs) within its current policy framework, and also suggested setting up a High Level Group of experts (HLG) which would be responsible for developing a common long-term strategy. In its final report, the High Level Group proposed 11 policy recommendations for the development and deployment of KETs in Europe.

### C. The Europe 2020 strategy and ‘An industrial policy for the globalisation era’

In March 2010, the Lisbon Strategy was replaced by the Europe 2020 strategy (‘Europe 2020 — A Strategy for Smart, Sustainable and Inclusive Growth’ — [COM\(2010\) 2020](#)). The new strategy put forward seven flagship initiatives, four of which are especially relevant to making the EU’s industry more competitive: ‘Innovation Union’ ([COM\(2010\) 0546](#)), ‘A digital agenda for Europe’ ([COM\(2010\) 0245](#)), ‘An industrial policy for the globalisation era’ ([COM\(2010\) 0614](#)) and ‘New Skills for New Jobs’ ([COM\(2008\) 0868](#)). The flagship initiative ‘An industrial policy for the globalisation era’ focuses on 10 actions to promote European industrial competitiveness, thus placing more emphasis on factors such as the growth of SMEs and the supply and management of raw materials.

The Commission communication ‘Industrial Policy: Reinforcing competitiveness’ ([COM\(2011\) 0642](#)), adopted on 14 October 2011, called for deep structural reforms as well as coherent and coordinated policies across the Member States to enhance the EU’s economic and industrial competitiveness and foster long-term sustainable growth. This communication pointed out several key areas in which greater effort is needed: structural change in the economy; the innovativeness of industries; sustainability and resource efficiency; the business environment; the single market; and SMEs.

On 10 October 2012, the Commission issued a communication ([COM\(2012\) 0582](#)) entitled ‘A Stronger European Industry for Growth and Economic Recovery — Industrial Policy Communication Update’, aiming at supporting investment in innovation, with a focus on six priority areas with great potential (advanced manufacturing technologies for clean production; key enabling technologies; bio-based products; sustainable industrial and construction policy and raw materials; clean vehicles and vessels; and smart grids). This communication also highlighted the need for better market conditions, access to finance and capital, and human capital and skills, as means of promoting industrial competitiveness.

In January 2014, the Commission launched the communication ‘For a European Industrial Renaissance’ ([COM\(2014\) 0014](#)). This communication focuses on reversing industrial decline and reaching the target of 20% of GDP for manufacturing activities by 2020. The Commission states that in order to attract new investments and create a better business environment, the EU needs more coherent policies in the field of the internal market, including European infrastructure such as energy, transport and information networks, as well as for goods and services. The importance of improved cooperation in the areas of good quality public administration, trade, research and raw materials is also mentioned.

This policy was complemented in 2016 by the communication entitled ‘Digitising European Industry — Reaping the full benefits of a Digital Single Market’ ([COM\(2016\) 0180](#)), which focuses on digital transformation and addresses related challenges such as funding, ICT standardisation, big data and skills. Moreover, the Start-up and Scale-up Initiative ([COM\(2016\) 0733](#)) launched in 2016 aims to give Europe’s many innovative entrepreneurs every opportunity to build world-leading companies.

#### **D. EU support programmes**

A large number of policies, programmes and initiatives, covering a wide variety of fields, currently contribute to EU industrial policy. Examples of initiatives with a budget envelope include (in order of importance): cohesion policy, Horizon 2020, the Connecting Europe Facility and the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME), whose collective budget stands at slightly less than EUR 200 billion. In addition, the Investment Plan for Europe and the European Fund for Strategic Investments (EFSI) aim to mobilise at least EUR 500 billion in private and public investment by 2020. Two recurring priorities across these programmes and initiatives are SMEs and innovation.

## **ROLE OF THE EUROPEAN PARLIAMENT**

The Maastricht changes to the EC Treaty incorporated issues of industrial policy for the first time — an achievement that can be attributed to initiatives by Parliament, which helped stimulate the reorganisation of the steel sector and called for a more dynamic industrial policy. Since then, Parliament has adopted numerous resolutions which have further strengthened the EU’s industrial policy. Some of the more recent ones are listed below:

- its resolution of 16 June 2010 on the Europe 2020 strategy<sup>[1]</sup> expressed strong support for industrial policy, and proposed creating an environment conducive to maintaining and developing a strong, competitive and diversified industrial base in Europe. It further stressed that the Europe 2020 strategy should disclose the costs and benefits of conversion to a sustainable, energy-efficient economy;
- its resolution of 9 March 2011 on ‘An Industrial Policy for the Globalised Era’<sup>[2]</sup> underlined the importance of a more comprehensive vision for European industry by 2020, considering long-term regulatory predictability and stability to be essential for attracting investment. In particular, Parliament urged the Commission to place greater emphasis on industrial renewal, competitiveness and sustainability, and to develop an ambitious, eco-efficient and green EU industrial strategy;
- its resolution of 26 October 2011 on the Agenda for New Skills and Jobs<sup>[3]</sup> underlined the importance of developing closer cooperation between research institutes and industry

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[1]OJ C 236 E, 12.8.2011, p. 57.

[2]OJ C 199 E, 7.7.2012, p. 131.

[3]OJ C 131 E, 8.5.2013, p. 87.

and encouraging and supporting investment by industrial companies in research and development. Parliament called for more investment in education, research and innovation, the promotion of centres of excellence and mobility among young people, and support for the development of conditions stimulating the growth of innovative enterprises;

- its resolution of 19 January 2012 on a space strategy for the European Union that benefits its citizens<sup>[4]</sup> stressed the importance of a research and innovation strategy in the area of space policy which would ensure technological progress, industrial development and the Union's competitiveness and would create jobs in the EU;
- its resolution of 15 January 2014<sup>[5]</sup> on reindustrialising Europe to promote competitiveness and sustainability evaluated the current situation of the industry in Europe and proposed a variety of measures to tackle the current challenges. This resolution supported a 'Renaissance of Industry for a Sustainable Europe' (RISE) to pursue innovation towards a new industrial revolution;
- its resolution of 4 February 2014<sup>[6]</sup> on the Action Plan for a competitive and sustainable steel industry in Europe stressed the important place of the steel industry in industrial value chains such as those of the automotive and construction industries and mechanical and electrical engineering. It also called for the preservation of a competitive European steel production ensuring economic growth and jobs in Europe;
- its resolution of 9 June 2016<sup>[7]</sup> aimed at maintaining the competitiveness and the global leadership of the European rail supply industry.

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09/2017

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[4]OJ C 227 E, 6.8.2013, p. 16.

[5]OJ C 482, 23.12.2016, p. 89.

[6]OJ C 93, 24.3.2017, p. 59.

[7]Texts adopted, [P8\\_TA\(2016\)0280](#).