Industrial policy in an enlarged Europe


The European Parliament,

– having regard to the Commission communication (COM(2002) 714),
– having regard to the Commission communication on implementation of the risk capital action plan (RCAP) (COM(2001) 605),
– having regard to the Commission report on the implementation of the European Charter for Small Enterprises (COM(2003) 21),
– having regard to the Commission communication entitled ‘Thinking small in an enlarging Europe’ (COM(2003) 26),
– having regard to the Commission communication to the Council, the European Parliament, the European Economic and Social Committee, and the Committee of the Regions entitled ‘Internal Market Strategy – Priorities 2003-2006’ (COM(2003) 238),
– having regard to its resolutions of 11 July 1991 on Community industrial policy in an open and competitive environment1 and 29 June 1995 on the Commission communication concerning an industrial competitiveness policy for the European Union2,
– having regard to the Presidency Conclusions of the Lisbon and Göteborg European Councils, which aim to make the EU economy the world’s most competitive knowledge-based economy, guaranteeing sustainable development by balancing the three economic, social and environmental pillars,
– having regard to Rules 47(2) and 163 of its Rules of Procedure,
– having regard to the report of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Economic and Monetary Affairs and the Committee on Employment and Social Affairs (A5-0328/2003),

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A. welcoming the Commission communication, which, on the eve on enlargement, addresses the question of industrial policy, pointing to the importance of industry for the European economy,

B. noting with satisfaction that, after ten years, industrial policy is back on the EU agenda; sees this new type of industrial policy characterised by support for change as opposed to protection of industries which fail to meet consumer choices or public needs; states that enlargement will be a major source of opportunities, in the long term, for industry in the new and existing Member States alike, and should make a positive contribution to the overall EU industrial policy,

C. reaffirming the importance of encompassing industrial policy within the Lisbon and Göteborg goals and the related process intended to make the EU economy the world’s most competitive knowledge-based economy, guaranteeing sustainable development by truly balancing the three economic, social, and environmental pillars,

D. underlining the fact that the EU’s Lisbon agenda provides an excellent framework for implementing the requirements of a horizontal policy on industry that looks to the future nationally and at EU level, and that any delay in implementing the Lisbon agenda will therefore be at the expense of industry and the dynamism and talent for innovation that spring from it,

E. underlining the fact that a lively industrial sector is a precondition for improved social and environment policy standards; calls on the Commission, as it seeks a balanced relationship between the three pillars, to take previous legislation into account as well; suggests that over-regulation is holding back the European economy and may lead to further below-average productivity growth,

F. drawing attention to the importance of taking account, in a balanced way, of the economic, social and ecological effects of new technologies in the context of sustainable development; emphasises that integrating the sustainable development requirement into production processes and product design can give Europe’s industry a competitive advantage in future markets,

G. whereas in assessing the goal of competitiveness account should be taken of the real development potential of the European economy, and particularly its most important production factor (namely the human element), the specific feature commonly known as the European social model and its technological capabilities, and not the comparative advantages of our rivals in terms of their labour costs and their gap-ridden regulations,

H. whereas social factors such as education and life-long learning, the qualification levels of workers, the quality of work and better use of innovative ways of organising work are productive factors of increasing importance for the competitiveness of European industry,

I. whereas social dialogue is a tool that makes it possible to balance all the interests of those involved in a constructive and creative manner; whereas continuing social dialogue is an indispensable component of a real European industrial policy, functioning by providing information to, consulting with and ensuring the participation of workers at times of structural adjustment, as at all other stages in the development of a company,
J. whereas social dialogue comprises modern management which must fully integrate the new forms of entrepreneurial governance,

K. believing that a genuine industrial policy must be based on an economic policy in favour of industry and business as well as continuous social dialogue; stresses the importance of ensuring that all legislation relating to industrial policy is subject to thorough impact assessments in all the Member States, including the enlargement countries, to ensure that it does not entail additional burdens on industry and competitiveness,

L. underlining the fact that accession countries’ industry has undergone significant restructuring and modernisation in the last decade; expects enlargement to make a positive contribution to industrial competitiveness; states, nevertheless, that sizeable differences still exist and further adjustments are to be envisaged; is convinced that strategies for economic development based on the competitive advantage of social dumping, particularly with regard to wages, will prove to be a hindrance for sound economic development in the medium term,

M. noting as a positive feature that the improvement of industrial competitiveness is founded on knowledge, innovation and the entrepreneurial spirit; highlights the challenge of ensuring that competitiveness does not come at the expense of social factors such as education and lifelong training, labour skills, work quality and better use of innovative forms of work organisation - all of which can be productive factors and do not have to be considered solely as burdens on business,

N. taking the view that the role of research is crucial to enabling European industry and businesses to retain and develop their technological advantage; supporting fully, therefore, the objective of allocating 3% of GDP to public and private spending on research and development; underlining the major role that businesses will play in achieving this aim, and calling specifically for the general political conditions to be created at European and national level for businesses significantly to increase their R&D spending; whereas, as regards small and very small businesses, including those in the artisanal sector, given their essential role in research, innovation and propagation of research results, this objective of 3% will not be achievable without a strong, proactive policy to support them, in line with the European Charter for Small Businesses,

O. States that the success of both product and process innovation crucially depends on the ability of enterprises to bring in appropriate reforms of administrative structures and work organisation; notes that good managerial skills are required to identify and implement such strategies; calls upon industry to secure international excellence of its management;

P. stressing that skill-improvement strategies need commitment from governments and enterprises alike; urges, in this context, that the trend of decreasing public and private spending in education, training and lifelong learning be reversed, and that incentives be increased so that individuals can keep their qualifications updated,

Q. supporting the Commission's commitment to research and development and its determination to strengthen cooperation with companies in the industrial sector; invites the Commission to involve a wide range of partners – universities, local government, chambers of commerce and industry - in order to achieve optimum results both in terms of the maintenance and quality of employment and of the quest for full employment;
hopes that the potential of information and communication technologies in terms of job creation will not be overestimated; furthermore, calls for link-ups to be encouraged between information and communication technologies and traditional industries particularly prone to acute sectoral crises;

R. pointing to the importance of the territorial dimension of industrial policy, not least as regards the particular industrial conversion efforts required in regions where traditional economic sectors are being restructured or which are suffering from the general impact of the process of change or the concentration of direct foreign investment in the central and eastern European countries, and the essential need to develop industrial clusters,

S. urging the EU to fully take account of social, environmental and regional aspects of the restructuring processes and to fully involve the relevant political and social representatives, as well as regional and/or national governments and the social partners, in working out specific programmes to resolve and counterbalance the painful consequences of restructuring,

T. insisting on fully taking account of regional aspects of the restructuring process and the implementation of measures in each region; calls for coordination and an interdependent relationship between EU regions in implementing EU industrial policy,

U. whereas assessment of the impact on competitiveness should be viewed as one of the factors to take into account when legislative decisions are made; whereas, however, it would not be sensible to disregard every other consideration, for example ethics, the public health impact, public funds, or the employment situation,

V. whereas 98% of companies in the EU are SMEs; whereas their potential should be encouraged to the full, in connection with enlargement, focusing in particular on problems arising from excessive taxation and the high cost of labour, as examples of factors with a seriously restrictive effect on the creation and growth of SMEs in Europe, on the training of their management and workers, increased participation in the EU research programme, proper funding in terms of Basel II, and a more even spread of failure risks,

W. suggesting the creation of industrial networks (in an effort to cut costs, share training resources and establish partnerships between universities and industry, for example) so as to achieve economies of scale and enhance the exchange of good practices and results,

X. calling for a business environment conducive to the creation and development of SMEs and entrepreneurial activity in general; stresses the need to continue efforts to improve access to finance, in particular risk capital, at early and intermediate stages, and to reduce, wherever appropriate, the regulatory burden on setting up and running a business;

Y. calling upon the EU and the EIB to further support the creation of innovative SMEs, to facilitate access to research programmes and provide for platforms via which new companies can gain additional know-how; requests that special support be given to female and young entrepreneurs,

Z. pointing out that in the next few years the availability of skilled labour will prove to be a critical factor for the long-term international competitiveness of European industry, and
therefore training, further training and a sensible immigration policy will take on considerable significance.

1. Proposes to the Commission, so as to give practical expression to the ideas set out in the communication, that it draw up, by the beginning of 2004, together with all the European organisations representing companies, including small and micro-businesses, an action plan, to be submitted to the Council and Parliament for adoption, which could be based on the following measures and activities:

   (a) incorporating the aims of industrial policy into all policies, measures, and activities pursued by the Community,

   (b) pursuing sustainable development objectives, by balancing the economic, social and environmental aspects, and promoting the principle of better lawmaking at both Community and national levels,

   (c) taking into account the lower potential and expertise of the new Member States to make efficient use of Community policies and instruments and the need to secure equal access and clear orientation in the process,

   (d) harmonising national taxation systems that adversely affect the single market,

   (e) further simplifying administration for all companies and simplifying the formalities required to allow EC-based companies to be set up, for example by introducing a single EC document for that purpose,

   (f) strengthening the link between research and companies and pursuing a vigorous policy to promote innovation, including for small and micro-businesses,

   (g) encompassing the dialogue between management and labour within the scope of implementation of industrial policy,

   (h) incorporating education, training and skills into industrial policy,

2. Welcomes the idea of using the open coordination method to facilitate the implementation of a proactive industrial policy aimed at:

   – consolidating businesses that are subject to competition by establishing better conditions for them in the European area, thus enabling a key industrial sector able to offer employment at all levels to be maintained and developed;

   – tying in with regional policies with a view to better management of relocations and new industrial sitings;

   – improving coherence with employment policy, particularly by using the structural funds designated for this purpose;

3. Backs steps taken to improve the productivity and competitiveness of businesses of all sizes, particularly by improving the quality of work;
4. Underlines the fact that it is not enough to keep only the headquarters of industrial undertakings in Europe, but that production activities and sites must be protected by means of appropriate framework conditions, and cites in this connection four current European Union legislative proposals: the directive on emissions trading, the regulation on the new chemicals policy, the directive on transport costs and the directive on environmental liability;

5. Believes that the Commission needs to study how the EU can mobilise competition policy to boost industrial competitiveness, for instance by reviewing the block exemptions concerning tax systems and regional or cross-border subsidies and encouraging companies to join forces, in particular in the research and technological sphere;

6. Welcomes the Commission’s intention to assess every new EU legislative proposal according to its impact on industrial competitiveness; believes, as regards such assessment, that particular attention needs to be paid to the selection of the guiding criteria so as to ensure that the assessment does not amount simply to a bookkeeping analysis of the immediate costs to industry resulting from a legislative proposal;

7. Welcomes the Commission’s willingness to think in sectoral terms and not just horizontal terms, but draws attention to the need to open up these analyses to small and micro-businesses; calls for sector-based analyses to find practical expression in genuine sectoral action plans and for all players, not least management and labour, to be closely involved in drawing up, implementing, and monitoring those action plans;

8. Calls upon Member States to create a more SME-friendly tax system and use tax incentives to stimulate private investment, in particular in the fields of research, education, training and lifelong learning, while at the same time ensuring stable financing for social protection and creating more job opportunities;

9. Calls on the Commission to review all Community instruments such as Council Directive 90/435/EEC of 23 July 1990 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States\(^1\), and Council Directive 90/434/EEC of 23 July 1990 on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States\(^2\) or to consider whether it might lay down a common EU-wide corporation tax framework, providing for a share-out arrangement to reduce the compliance costs of tax operations;

10. Calls on the Commission to consider the proposal to introduce a single Community document, for the purposes of administrative simplification, to allow EU-based companies to be set up; believes that such an administrative document must be compatible with the Statute for a European Company;

11. Calls on the Commission to take further active steps to establish a genuine European research area in order to provide the Union with the necessary basis for scientific and technological progress, encourage private and public investment in research and industry,

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foster links between research centres and companies of all types, including those in traditional sectors of activity, and turn research findings to account;

12. Considers that an overall industrial strategy must encompass large-scale European projects involving both public and private partners, following the model of the Galileo project, in key sectors such as renewable energy sources – including fuel cells and hydrogen – nanotechnologies, health, space, steel, security, and defence; believes that technological platforms, enabling all stakeholders to be mobilised for the purpose of drawing up a technological and strategic road map, are a useful measure;

13. Points to the need for an adequate transport, energy, and telecommunications infrastructure network and considers that it would be desirable to launch a European public loan to finance the investment necessitated by enlargement for the regions which have less in the way of such facilities and to connect these regions with the outlying and less-favoured regions in the current Member States;

14. Points out that, under the European Charter for Small Enterprises, this industrial strategy should also include measures geared to small and micro-businesses and companies in traditional sectors of activity;

15. Calls on the Commission to seek, in partnership with all the organisations representing companies, to rationalise, simplify, and codify the national and Community legislative architecture applying to the internal market in order to achieve greater effectiveness, taking into account Commission communication (COM(2003) 238); and calls on the Member States to pay greater attention to improving and speeding up their transposing of Community directives concerning the internal market;

16. Calls for increased coordination between the Commission, the EU institutions and the Member States;

17. Stresses the need for a normative framework in the European Union which takes account of the international context and of the financial impact that regulation has on companies;

18. Calls on the Competitiveness Council to play an active role in examining those Commission proposals which have a significant effect on the competitiveness of European industry;

19. Instructs its President to forward this resolution to the Commission, the Council, the parliaments of the Member States, and the social partners in the European Union.