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. The digital transition and the transition toward a carbon-neutral economy have led to the adoption of various strategies to ensure better framework conditions for EU industry. The impact of the COVID-19 pandemic and the war in Ukraine have sparked new reflections on economic recovery, reconstruction and building resilience.

LEGAL BASIS

Article 173 of the Treaty on the Functioning of the European Union (TFEU).

OBJECTIVES

Industrial policy is cross-cutting in nature and aims to secure framework conditions favourable to industrial competitiveness. It is well integrated into a number of other EU policies such as those relating to trade, the internal market, research and innovation, employment, environmental protection, defence 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 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 Economic and Monetary Union and EU enlargement shifted attention towards industrial policy. In October 2005, 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 the EU’s first ever integrated approach to industrial policy on the basis of a concrete work programme of cross-sectoral and sectoral initiatives.

In the years that followed, the main actions taken focused on, among other things, ensuring the sustainability of consumption and production (COM(2008)0397), fostering access to non-energy critical raw materials (COM(2008)0699), and deploying key enabling technologies (KETs) within its policy framework (COM(2009)0512).

C. From the Europe 2020 strategy to the New Industrial Strategy


In 2012, the Commission issued a communication entitled ‘A Stronger European Industry for Growth and Economic Recovery – Industrial Policy Communication Update’ (COM(2012)0582), which aimed to support 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.

In 2014, the Commission adopted the communication ‘For a European Industrial Renaissance’ (COM(2014)0014). This communication focused on reversing industrial decline and reaching the target of 20% of GDP for manufacturing activities by 2020. 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 focused on digital transformation and addressed 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, aimed to give Europe’s many innovative entrepreneurs every opportunity to build world-leading companies.

Industries such as ICT, steel, cement, textiles and chemicals were included in the wide-ranging roadmap of key actions introduced in 2019 with the Commission communication entitled ‘The European Green Deal’ (COM(2019)0640), which aimed to mobilise industry for a clean and circular economy. In its communication of January 2020 on the inaugural annual work programme (COM(2020)0037), the Commission emphasised that the EU’s position as a digital leader would be bolstered by a European Data Strategy and a White Paper on Artificial Intelligence. In March 2020, the Commission presented the communication ‘A New Industrial Strategy for Europe’
The net-zero age

The new ‘Green Deal industrial plan for the net-zero age’ (COM(2023)0062) was presented by the Commission on 1 February 2023, setting out a European approach to boost the EU’s net-zero industry, by means of:

1. Measures to improve the competitiveness of the EU’s net-zero industry.

These measures encompass the following three legislative proposals, put forward by the Commission on 14 March 2023:

i. The ‘net-zero industry act’ of 16 March 2023 (COM(2023)0161), which aims to simplify the regulatory framework for production of key technologies, set targets for EU industrial capacity in 2030, fast track permitting processes, promote the development
of European standards for key technologies and encourage public authorities to buy more clean technologies through public procurement.

ii. The ‘critical raw materials act’ of 16 March 2023 (COM(2023)0160), which aims to improve the security of supply for the raw materials needed to ensure the net-zero transition.

iii. A reform of electricity market design, to make the market more resilient, reduce the impact of gas prices on electricity bills and support the energy transition.

2. Measures to increase and speed-up access to national/EU public funding, and private funding.

The new Temporary Crisis and Transition Framework for State aid aims to simplify the granting of State aid for renewable energy deployments and decarbonisation of industrial processes, giving Member States the option of granting higher levels of aid for production of strategic net-zero technologies to match the aid received by competitors located in non-EU countries. The Commission also endorsed an amendment to the General Block Exemption Regulation (GBER), giving Member States more flexibility to design and implement support measures in key sectors for net-zero industry, without the Commission’s prior approval.

The net-zero age approach also includes measures to develop a suitably skilled workforce and measures concerning global cooperation and international trade.

E. 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: cohesion policy, Horizon Europe (2021-2027), the Connecting Europe Facility and the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME). In addition, the Investment Plan for Europe and the European Fund for Strategic Investments (EFSI) aimed 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 9 March 2011 on an Industrial Policy for the Globalised Era, urging 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, underlining the importance of developing closer cooperation between research institutes and industry;

— Its resolution of 4 February 2014 on the Action Plan for a competitive and sustainable steel industry in Europe;

— Its resolution of 9 June 2016 on the competitiveness of the European rail supply industry;

— Its resolution of 12 September 2017 on a Space Strategy for Europe;

— Its resolution of 12 February 2019 on a comprehensive European industrial policy on artificial intelligence and robotics;

— Its resolution of 17 April 2020 on EU coordinated action to combat the COVID-19 pandemic and its consequences;

— Its decision of 18 June 2020 on setting up a special committee on artificial intelligence in a digital age, and defining its responsibilities, numerical strength and term of office;

— Its resolution of 25 November 2020 on a New Industrial Strategy for Europe;

— Its resolution of 15 September 2022 on the implementation of the Updated New Industrial Strategy for Europe: aligning spending to policy;

— Its resolution of 18 January 2023 on the implementation of the common security and defence policy – annual report 2022, welcoming the Commission’s announcement that it will present a space strategy for security and defence;

— Its resolution of 16 February 2023 on an EU strategy to boost industrial competitiveness, trade and quality jobs, stating that the European industrial strategy should be designed both to secure European leadership in clean energy technologies and to improve the existing industrial base to provide high-quality jobs and economic growth for all Europeans in order to achieve the objectives of the Green Deal;

— Its position of 14 September 2023, adopting amendments to the proposed regulation on a framework for ensuring a secure and sustainable supply of critical raw materials.

For more information on this topic, please see the website of the Committee on Industry, Research and Energy.

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