

Industrial policy for the globalised era

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The Committee on Industry, Research and Energy adopted an own-initiative report by Bernd LANGE (S&D, DE) on an Industrial Policy for the Globalised Era.

The report notes that de-industrialisation is an established fact in Europe that puts our technological and economic position at risk, given increasing globalisation and intense competition from rapidly developing countries. To be able to overcome the effect of the crisis and face those challenges, the EU needs an industry policy approach that combines competitiveness, sustainability and decent work that can, at the same time, stimulate the economy, boost employment, reduce environmental degradation and improve quality of life.

A new approach to a sustainable industrial policy: Members welcome the fact that, with the [Europe 2020 Strategy](#) and the [Communication on an Integrated EU Industrial Policy](#), the Commission is finally acknowledging the importance of a thriving industrial, and in particular manufacturing, base for sustainable growth and employment in Europe and committing itself to an integrated industrial policy based on the principle of a social market economy.

In the face of the global challenges, Members consider it is essential that energy and resources efficiency are at the basis of the European industrial renewal. They call on the Commission and on the Member States to develop an **ambitious, eco-efficient and green EU industrial Strategy** in order to recreate manufacturing capacity across the EU territory and to generate highly qualified and well paid jobs within the EU.

The report stresses that a new, sustainable industrial policy can achieve success only via **an integrated, cross-sectoral approach underpinned by practical horizontal and sectoral initiatives** based on objective economic argumentation, focused on common issues with major implications for a number of sectors and bringing tangible results for both business and consumers at European, national, regional and local level.

Financing: Members call for ambitious funding for industrial policy and for infrastructure facilities (in particular research and energy, telecommunications and transport (TEN) infrastructure). They consider it essential, to this end, for **EU bonds** (Eurobonds or project bonds) to be issued with a view to enabling the Union to fund innovation, infrastructure and reindustrialisation.

Create an innovation chain: the report stresses that innovation is the **main driving force behind industrial policy**, and that all initiatives in support of innovation must be based on a comprehensive definition of innovation which embraces products and producing systems, services, training, processes, organisation, quality, management, dissemination and protection. It must, in particular, cover the design, production and composition of products and services along the whole chain of processes and added value, through the provision of support right up to the product pre-marketing stages.

Members call for **research expenditure** for the upcoming programming period from 2013 (8th RDP) to be significantly **increased** (EU target: 3% of GDP for research and development, 1% of GDP in public funding) and suggest that, alongside a strong focus on research into innovative processes, management, organisation and employee involvement in innovation, research in basic generic technologies is needed. The **private sector** also needs to increase its involvement in financing R&D: the Commission is invited to examine the barriers preventing Europe's businesses from investing at equivalent levels to their international counterparts, e.g. the US, and to take appropriate measures.

The report calls for thought to be given to introducing new, alternative mechanisms **to address the shortage of funding for EU businesses**, in particular SMEs. Such mechanisms could, among other things, take the form of the following instruments: i) a European Innovation Financing Fund (EIFF), the role of which would be to invest in the start-up and development phases, on a risk-capital basis; ii) a European patents fund to facilitate technology transfers between research centres and businesses, in particular innovative SMEs.

Members call on the Commission to create an environment favourable to enterprises at the start-up and spin-off phases and on the EU to respond to the fragmentation of the European **risk-capital** market by bringing forward an EU scheme to establish pan-European funds.

More efficient use of resources: Members are convinced that the clear increase in resource efficiency as regards raw and auxiliary materials and supplies is strengthening the global competitive position of European industry, and therefore calls on the Commission to propose, building on its [Communication on a resources strategy](#), an ambitious EU resource efficiency policy as a priority, by means of an action plan or, if need be, in a Directive on resource efficiency.

The Commission is invited to present an **ambitious and comprehensive raw materials strategy** in the first half of 2011, which should include: i) regular impact assessments of anticipated demand for raw materials and rare earths (including potential shortages, price increases, etc.) and the consequences for the EU economy in general and businesses in particular; ii) monitoring production forecasts from third countries and the operating conditions of the global markets in raw materials.

Members take the view that an industry policy needs, first and foremost, to **rebalance energy actions** in favour of a demand-driven policy, empowering consumers and decoupling economic growth from energy use. Industrial policy should help create market conditions which stimulate higher energy savings and energy efficiency investments, to exploit a wide range of renewable energies, as well as key technologies for energy storage mobility.

The **transport and construction industries** must pursue an active energy savings policy and diversify towards sustainable, non-polluting and safe energy sources. The Commission is called on to ensure, at the latest by mid-2011, framework conditions for the development of electric vehicles.

Members recall the **huge job creation potential** and cost reduction benefits that energy efficiency improvements are expected to yield; considers that the adoption of measures including targets, standards and benchmarking mechanisms that ensure energy efficiency improvement must therefore underpin initiatives in all industrial sectors. They insist that every effort be made to **redress skills shortages** at all levels in order to promote the qualifications of the workforce and interest young graduates more in industry.

Fair competition: Members are convinced of the need to put the instruments of the internal market at the service of European industrial policy in order to **promote the emergence of major 'European champions'** who set global benchmarks in their sectors of activity, such as Galileo or SESAR. They call on the EU not to impose excessively asymmetrical constraints on its businesses in comparison with those which exist in third countries.

The report stresses the need for the EU to secure for its businesses **reciprocal access to public contracts** when negotiating bilateral and multilateral agreements with third countries, while improving the effectiveness of the use of **trade defence** instruments by SMEs to combat monetary, social and ecological dumping practices, piracy, counterfeiting and illegal copying.

Members call on the Union to introduce **European provisions regarding origin marking** (Made In) for certain products imported from third countries.

A sustainable culture for industry: Members stress the importance of creating the right framework for industry to remain in Europe and to further improve its global competitiveness. They believe in the need to maintain and strengthen Europe on the global industrial map, especially given that new industrial opportunities arise from EU investment commitments, e.g. in the fields of climate change and energy.

Members call for efforts to be stepped up with a view to overcoming current difficulties and creating without delay a **single Community patent**, which will provide effective, high-quality legal protection at low cost, as well as a harmonised European system for settling disputes concerning patents.

Noting that **completion of the internal market** is essential to the competitiveness and growth of European industry, the report stresses that European industries need a proper framework in which to create and develop goods and services at European level. It encourages Member States to assume a more proactive role in managing the single market, by improving cooperation between national authorities and strengthening the transposition, application and enforcement of single market rules on the ground.

Members highlight the need to take account of the **specific characteristics of SMEs** and craft enterprises in the European standardisation system, particularly in terms of cutting the cost of access to standards, disseminating standards and providing financial support. It also recommends renewed investment in Europe's industrial workforce, with a strong emphasis on **sectoral social dialogue** to manage structural changes caused by globalisation.

Specific industries: Members call for the implementation of the recommendations of existing industry-specific approaches (task forces, high-level groups, technology and innovation platforms such as Cars 21, etc.) in a way that is tailored to the needs of the specific industries, comparably developed by the Commission in consultation with all stakeholders, and with the establishment of new sectoral initiatives in other appropriate sectors. The securing of sustainability proofing of the sector specific approaches in line with the EU's climate and energy policy objectives and ambitious resource efficiency objectives will need to be examined.

Moreover, Members support the Commission's strategy for boosting the competitiveness of the tourism industry by means of measures relating to quality, sustainability and the enhancement of Europe's image as a tourist destination.

Regions: recalling that regional structures make a major contribution to strengthening industry in Europe, Members consider that **competitive clusters and innovation networks** (businesses, universities, research centres, technology services, training institutes, etc.) are essential to investment decisions.

They therefore take the view that innovation clusters and networks, in particular the European competitiveness clusters and the new innovation partnerships to be launched in 2011 as part of the 'Innovation Union' initiative, and mainly in the field of key enabling technologies, should be given greater support. This would enable knowledge and technological transfer and research, better training and the infrastructure to be promoted in a coordinated way, something which should also be a priority for the European Regional Development Fund.