Reindustrialising Europe to promote competitiveness and sustainability

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The Committee on Industry, Research and Energy adopted the own-initiative report by Reinhard Bütikofer (Greens/EFA, DE) on reindustrialising Europe to promote competitiveness and sustainability. It noted that industry was responsible for 80 % of expenditure in the field of R&D and for much of the value creation in the economy, with **each job in industry creating approximately two additional jobs in the supply and service sectors.**

A 'Renaissance of Industry for a Sustainable Europe' (RISE) Strategy: the report stressed that the EU' s future industrial strength lay in a RISE strategy which pursued technological, financial, environmental and social innovation towards a third industrial revolution, **solving the problem of unemployment** given that industry created one in four jobs, providing employment for some 34 million people. Industrial policy (IP) must address **comparative weaknesses in the EU economy,** whether they be a lack of R&D investment, development of energy prices, bureaucratic red tape or difficulty in accessing finance. RISE needed to promote the competitiveness of Europe's industrial base **through a value chain-conscious policy** that covered undertakings of all sizes, and was conducive to **maintaining the production chain in Europe.**

Members noted that European industry's share of aggregate European gross domestic product (GDP) had fallen from 20 % to 15 % in 15 years, and strongly supported the **headline target of 20 %,** which would necessitate the creation of at least 400 000 new industrial jobs per annum, and proposed that it should be seen as a directional goal aligned with the EU's 20/20/20 goals. IP must also be effectively integrated into the **European Semester process** and the national reform programmes in order to establish the requisite preconditions for investment and create good jobs. Members regretted that the current dominant macroeconomic policy in the EU did not provide adequate **access to capital for investment and innovation**, especially for SMEs and therefore ran counter to an IP. They deplored the Council's cuts to heading 1A of the multiannual financial framework (MFF), in particular to Horizon 2020, COSME and the Connecting Europe Facility, and called on Member States to substantially strengthen the financial power of those programmes. They also felt the future cohesion policy and the **European structural and investment funds to be pivotal** to the reindustrialisation of the EU and its regions, and they called for better coordination and synergies between cohesion policy and Horizon 2020 programmes in order to set up regional innovation incubators. They welcomed the 4 % share of funds that would be implemented through a dedicated SME instrument under the Horizon 2020 programme.

The report stressed the **importance of SMEs** and noted that they have also been hit hardest by the crisis. It called for specific SME support and assistance programmes to facilitate SMEs in becoming industrial champions in their field.

An innovation, efficiency and sustainable technology offensive: the report emphasised the need for innovation to be promoted across the board, and involving employees pro-actively in the innovation process. It called on the Commission to ensure sufficient leverage for private sector investment under Horizon 2020.

The report also discussed the importance of information and communications technology (ICT) developments, stressing the key role of broadband services. It welcomed the strategy for key enabling technologies and discussed further action in the fields of clean production, advanced manufacturing, investment in smart grids and energy efficiency. It called for a cluster policy and cluster networks in the

form of cooperation, particularly in value chains, between connected companies, suppliers, service providers, universities and research centres. **Completing the internal market and opening external markets for RISE**: the committee called on the Commission and Member States to complete urgently the single market for goods, energy, telecommunications, transport, green products and venture capital as well as to guarantee the free movement of researchers, scientific knowledge and technology, since **failure to complete the internal market was a barrier to growth**. Members recommended further initiatives in terms of, inter alia, public procurement, market surveillance, the completion of the digital single market, and measures to assist SMEs.

They went on to discuss the **external dimension of industrial policy**, asking Commission to ensure that the Union's trade and competition policy was compatible with the objectives of European industrial policy and that it did not jeopardise the innovative and competitive potential of European companies. The report contained several recommendations, particularly regarding environmental and social standards in bilateral trade agreements and multilateral trade relations. It also stressed the need for revised trade defence instruments, including a more active anti-dumping policy.

Financing an Industrial Renaissance: Members stressed the need to **improve the legislative and financial framework** so as to encourage investment in industry, as well as the need for new **alternative and creative financing avenues**, in particular with regard to private and equity financing. They made several recommendations on innovative funding models and welcomed the Commission's initiative to create joint financial instruments with the EIB. The Commission was asked to develop an effective regulatory framework for crowd funding on a basis of up to EUR 1 million per project, and to support the creation of local bonds markets for SMEs.

Skills and labour force for an Industrial Renaissance: noting that, since the start of the crisis, roughly 5 500 European industrial companies had been restructured, resulting in the loss of some 2.7 million jobs, the report stated that IP would require **more and better access to training, lifelong learning, fit-for-the-future vocational training and university education,** a strong emphasis on the science, technology, engineering and mathematics (STEM) fields, and entrepreneurship support. It discussed action required in these fields from Member States and the Commission, including: forecasts regarding the skills required by the employment market, and addressing e-skills shortages at all education levels.

Resource and energy policy: Members warned that **without certain key raw materials, no future development would be possible in most strategic industries in Europe**. They also highlighted current trends in global energy prices, which were linked to unconventional oil and gas resources in the USA as well as developments in the Middle East, and noted that **high energy prices were an important factor affecting the competitiveness of European industries**. Members stressed the need to provide analyses of the factors influencing the price of energy and also emphasised that RISE required coherence between industrial, energy and climate policies.

A regional RISE strategy with particular attention to Europe's south: Members called on the Commission to promote full European infrastructure integration, especially for the southern economies, in particular in rail, energy and ICT, and stressed the need to gear the Connecting Europe facility to this effect. Members advocated a multi-regional industrial policy approach that relaunched sustainable growth in contracting economies and those exposed to significant risks to their industrial base.