Industry and international industrial competitiveness: Community action programme

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The ESC supported the central idea of the Commission's industrial policy, which was to set clear and predictable conditions for the optimum allocation of resources via the market, accelerating the process of structural adaptation and boosting the competitiveness of European firms. The public authorities should play the role of catalyst and pathbreaker for innovation, and firms could expect them to provide not only clear and predictable conditions but also the right prospects for their activities. The main responsibility for industrial competitiveness lay, however, with firms themselves. The ESC felt that Article 130 of the EC Treaty provided a coherent legal basis for a horizontal Community industrial competitiveness policy. With regard to the competitiveness of European industry, the ESC supported the strategic line of the White Paper on Growth, Competitiveness and Employment, which identified a technology-intensive, highly productive and profitable industry as the backbone of a European economic development model. The Community's priorities for industrial policy action In its Opinion, the ESC concentrated on the Commission's industrial policy action programme of March 1995. It felt, however, that the priorities were broken down into too many individual measures and that existing EU policy areas had been dispersed. Finally, it was also unclear how the roles were to be allocated between firms and the State and between the Community and its Member States. There was a lack of clarity over the allocation of objectives and measures if the industrial policy communication was compared with the action programme (COM(95)87). The ESC supported the (two-year?) priorities for action put forward in the Commission's action programme: development of the internal market, greater consideration of industry's needs in research policy, establishment of the information society and promotion of industrial cooperation. It was surprising, however, that other, no less important priorities were mentioned only in passing or were indeed entirely omitted. The Commission had submitted an action programme with objectives and programmed measures and an indicative timetable for the implementation of the industrial competitiveness policy. As in its industrial policy communication of September 1994, the Commission set out four priorities for action, reflecting the need for technological change and guiding the future approach to industrial policy. Promotion of intangible investment: vocational training, modernisation of the forms of labour organisation, development of environmentally-friendly technologies. Promotion of industrial cooperation: the ESC unreservedly shared the Commission's view that there were still no suitable legal instruments for cross-border organisation and cooperation for EU firms. It was now time to offer firms European legal vehicles. The European Company proposals were particularly relevant here. The ESC supported the initiatives listed concerning closer cooperation with the associated Central European states and the independent republics of the former Soviet Union. Guarantee of fair competition: the Commission's intention of seeking multilateral competition rules and effective control mechanisms aimed at achieving greater openness of foreign markets deserved support. The Committee feared, however, that plans such as competition rules with binding arbitration procedures were at that stage unrealistic. The Commission should, as a first step, improve cooperation between the existing competition authorities of the main trading partners in order to achieve convergence of administrative practice. With regard to the internal market, the ESC regretted that in the field of competition policy the Commission had concentrated purely on subsidies. With the exception of merger control, the Community's procedures in matters of competition dated from the early 1960s and had been designed for six Member States. The ESC unreservedly welcomed the Commission's announcement that it would reconsider its policy on monitoring national subsidies. Modernisation of the role of the public authorities: the ESC welcomed the Commission's initiative to redefine the responsibilities of the public authorities. This would include the further, targeted development of the instruments with which the State carried out its many policy tasks. For the Commission, the continuation of the process of deregulation was an integral part of its action programme. The ESC considered that too many unduly complicated provisions, guided too seldom by economic

criteria, risked weakening the market's self-regulatory forces and threatening the necessary flexibility, especially in the small/medium business sector. At the same time the ESC stressed that the flexibility that firms needed to have should not jeopardise workers' social protection. In relation to the report on legislative and administrative simplification submitted by an independent group of experts, the ESC supported the proposal that all new draft laws should indicate the expected positive or negative impact on employment and competitiveness, costs and innovation. The Commission intended to support and accelerate industrial change with the help of structural policy financial instruments, in particular by making improvements to the new programmes for Community initiatives, promoting partnerships between large firms and SMEs, and establishing networks and clusters. The ESC appreciated these plans but pointed out that official influence going beyond this catalytic function would be out of place. It felt that further expansion of the objectives of the Structural Funds should not be allowed to place an excessive burden on the system. The Commission should therefore constantly review its list of measures qualifying for support (timely evaluation) and set more priorities. The ESC also felt that the individual Funds should be more closely coordinated than in the past. Timetable for the action programme The ESC regretted that the Commission's timetable for its numerous initiatives was incomplete. Above all, in relation to certain important actions to strengthen industrial competitiveness, there appeared to be no plan as to the steps to be taken or the timetable. The ESC hoped that the report on the progress of the industrial policy measures, and possible adjustments to the action programme, which the Council asked be drawn up for 1996, would be used by the Commission to fill the gaps in the programme. Coordination of industrial policy activities The ESC shared the Commission's concern that the public decision-making centres shaping industrial activity were growing in number and exercising their powers without any real overview or constant coordination and reminded the Commission that Article 130(2) of the EC Treaty stipulated that the Member States should consult each other in liaison with the Commission and, where necessary, should coordinate their action (on industrial policy). The ESC felt that there was an urgent need for harmonisation and coordination of national industrial policies with each other and with corresponding Community initiatives. As a result, the Council should adopt the Commission's proposal for a decision on the implementation of a Community action programme to strengthen the competitiveness of European industry. The Commission and Member States should implement these priorities for action without delay.