

Industrial policy for an enlarged Europe: fostering structural change

2004/2154(INI) - 20/04/2004 - Non-legislative basic document

PURPOSE : to present a Communication from the Commission on fostering structural change: an industrial policy for an enlarged Europe.

CONTENT : manufacturing industry still plays a key role in Europe's prosperity. It is, however, facing

challenges and there is a real concern about the risk that the Union is facing a process of deindustrialisation. The analysis carried out by the Commission indicates that there is no proof of a generalized process of deindustrialisation. That said, European industry is having to face up to a process

of structural change which is beneficial overall and which should be encouraged, in particular by policies that facilitate the development and the use of knowledge. From this point of view, Europe's disappointing performances, notably in terms of productivity, research and innovation, are worrying. This is corroborated by the fact that the delocalisation of industrial activities appears no longer to be limited only to traditional sectors with a high labour density, but are beginning to be observed in intermediate sectors - which constituted the established strengths of European industry - or even in some high-technology sectors, where there are indications of a delocalisation of some research activities, or in the services sector. India and China are the main beneficiaries of these movements. Economic internationalisation offers opportunities, however, to Europe's industry as long as industrial policy supports the necessary evolutions.

From this point of view, the forthcoming enlargement of the EU offers important opportunities to European business, not only as a result of the extension of the internal market but also because it offers the possibility of reorganising value chains across the continent, making the most of the competitive advantages of the New Member States. Nevertheless, the benefits for these countries of their relatively low labour costs will be temporary. The transition to a knowledge economy will be vital and a certain regulatory prudence will be necessary to avoid putting a strain on the industrial competitiveness of these countries.

Faced with this diagnosis, the Commission intends to mobilise industrial policy to accompany the process of industrial change. This implies three types of actions:

1) the European Union must continue its efforts in regulating better, and to create a regulatory framework that is favourable to industry. Therefore, in the framework of the integrated impact assessment of Commission proposals and initiatives, which covers the three pillars of sustainable development, the evaluation of competitiveness aspects needs to be deepened. Also efforts need to be made to evaluate regulation's cumulative impact, for example, on certain sectors. These efforts should not be limited to the Commission alone: they should commit also the other Community institutions and the Member States;

2) the synergies between different Community policies having an impact on industry's competitiveness need to be better exploited. The Commission has identified a number of specific initiatives, in 5 different domains, which could improve these synergies, and particularly the capacity of European industry to confront the problems of structural change. In the domain of knowledge, it is, in particular, innovation, research, training and competition policies which have a key role to play. Similarly, the functioning of markets can still be improved, whether it is in addressing the shortfalls of the internal market or in eliminating some tax obstacles to its full use by business. Cohesion policy, and in particular regional

policy and employment policy can also contribute actively to the process of structural change, specifically by promoting the development and the spread of knowledge. As for sustainable development, this has a positive contribution to make to industrial competitiveness, notably

through the development of a policy of sustainable production. Finally, the international dimension of industrial policy must be further advanced, in particular to improve the access of Community companies to the markets of third countries, and to export the regulatory approaches that have been successfully implemented by the Union inside the single market;

3) the Union must continue to develop the sectoral dimension of industrial policy. This implies analysing the effectiveness at a sectoral level of policy instruments which are of a horizontal nature, with a view to evaluating their relevance and to propose, if necessary, the appropriate adjustments. The Communication presents the sectoral initiatives that have already begun over the last few months and announces several new initiatives in sectors such as the car industry or mechanical engineering.