Basic information

2006/2003(INI) INI - Own-initiative procedure	Procedure completed
Policy framework to strengthen the European Union manufacturing: towards a more integrated approach for industrial policy **Subject** 3.40 Industrial policy	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ITRE Industry, Research and Energy	CALABUIG RULL Joan (PSE)	23/11/2005

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	The committee decided not to give an opinion.	
EMPL Employment and Social Affairs	FIGUEIREDO Ilda (GUE/NGL)	27/10/2005
ENVI Environment, Public Health and Food Safety	The committee decided not to give an opinion.	
IMCO Internal Market and Consumer Protection	The committee decided not to give an opinion.	
JURI Legal Affairs	The committee decided not to give an opinion.	

Council of the European Union

Council configuration	Meetings	Date
Justice and Home Affairs (JHA)	2731	2006-05-29
Competitiveness (Internal Market, Industry, Research and Space)	2801	2007-05-21

European Commission

Commission DG	Commissioner
Internal Market, Industry, Entrepreneurship and SMEs	

Key events

Date	Event	Reference	Summary
05/10/2005	Non-legislative basic document published	COM(2005)0474	Summary
19/01/2006	Committee referral announced in Parliament		
29/05/2006	Resolution/conclusions adopted by Council		Summary
30/05/2006	Vote in committee		Summary
06/06/2006	Committee report tabled for plenary	A6-0206/2006	
04/07/2006	Debate in Parliament		
05/07/2006	Decision by Parliament	T6-0302/2006	Summary
05/07/2006	Results of vote in Parliament		
05/07/2006	End of procedure in Parliament		
21/05/2007	Resolution/conclusions adopted by Council		

Technical information

Procedure reference	2006/2003(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	ITRE/6/32139

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE371.837	27/03/2006	
Amendments tabled in committee		PE374.010	03/05/2006	
Committee opinion	EMPL	PE367.759	15/05/2006	
Committee report tabled for plenary, single reading		A6-0206/2006	06/06/2006	
Text adopted by Parliament, single reading		T6-0302/2006	05/07/2006	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2005)0474	05/10/2005	Summary

Commission response to text adopted in plenary	SP(2006)3874	29/09/2006	

Policy framework to strengthen the European Union manufacturing: towards a more integrated approach for industrial policy

2006/2003(INI) - 29/05/2006

The Council adopted the conclusions on EU manufacturing: towards a more integrated approach for industrial policy.

In particular, it

- underlined the importance of a rapid and well coordinated follow-up to the Commission's Communication and a successful implementation of the seven horizontal and seven sectoral initiatives announced therein as an important contribution to achieve the goals of the Lisbon Strategy on growth and jobs; Community initiatives should take into account measures at national level reflecting the specific situation in individual Member States;

- stressed the importance of combining the horizontal and sectoral dimensions of EU industrial policy and welcomes the well balanced working programme outlined in the Commission's Communication;

- emphasised the need to benefit on a larger scale from potential synergies between different Community policy areas. Consequently, initiatives and proposals with major impact on the competitiveness of European industry should be identified so that they can be effectively and coherently dealt with in the Competitiveness Council together with other relevant Council configurations;

- welcomed the setting up of the High Level Group (HLG) on competitiveness, energy and environmentwith a view to further enhancing the coherence of these policy areas which are crucial for sustainable growth and employment in Europe, and looks forward to the recommendations of the HLG on key issues such as the functioning of energy markets and the EU emission trading scheme;

- reaffirmed its view that an improved regulatory framework, both at EU level and in the Member States, is essential to enhance competitiveness by eliminating unnecessary administrative burdens and to address other burdens on European enterprises, especially on SMEs. Simplification of legislation, while respecting the acquis communautaire, and effective use of impact assessments in accordance with the Interinstitutional Common Approach agreed in 2005are particularly important instruments for achieving the objectives of better regulation and thereby competitiveness and growth;

- underlined that industrial policy in the EU is horizontal in nature and focuses on creating the right framework conditions for successful industrial development. At the same time, industrial policy shall address concrete problems, challenges and deficiencies facing specific industrial sectors. The Council looks forward, therefore, to receiving detailed and timely reports from the Commission on both existing and new sectoral initiatives set out in its communication;

- stressed the need, in this context, to improve the pool of transferable and sectoral skills across European industry, thereby helping it to adapt to structural change now and in the future.

The Council welcomes the Commission's initiation of a broad debate on the external aspects of competitiveness and their interface with the Lisbon Strategy. Aspects such as market access, intellectual property, regulatory issues, investment and public procurement are of particular importance in helping the EU address the challenges of globalisation.

The indicative roadmap is as follows:

2006:

First half 2006 :

- § Launch of individual industrial policy initiatives;
- § Council conclusions on industrial policy.

Second half 2006 :

- § Competitiveness report;
- § Communication on external aspects of competitiveness;
- § Communication on market access;
- § Communication on the competitiveness of the automotive industry.

2007 :

- § Midterm review of life sciences and biotechnology strategy and action plan;

- § Report on the competitiveness of the ICT industry;
- § Report on shipbuilding;
- § Communication on space;
- § Communication on defence;
- § Mid-term review: Communication on Industrial Policy.

Policy framework to strengthen the European Union manufacturing: towards a more integrated approach for industrial policy

2006/2003(INI) - 05/10/2005 - Non-legislative basic document

PURPOSE: to develop an EU policy framework aimed at strengthening manufacturing in the EU.

CONTENT: in preparing this report the Commission has made use of a number of recent EU initiatives directly impacting on Europe's manufacturing base. Firstly, the renewed *Action Programme for Growth and Employment* as secondly the *Lisbon Strategy on Growth and Employment*. Preparation for the Communication was announced under the Community Lisbon Programme in July 2005. It is based on the assumption that a strong, stable and competitive manufacturing sector is crucial to Europe's ability to grow, innovate and create jobs.

The starting point for the EU's industrial policy is to create the right conditions in which enterprises can flourish, to encourage innovation and to make the EU an attractive place for industrial investment and job creation. Several industrial challenges need to be addressed at the European level since individual Member States acting in isolation cannot succeed in tackling issues such as the threat from global competition, competition cases, the regulation of the single market and/or social and economic criteria.

To put it in perspective, industrial manufacturing currently provides around a fifth of EU output and employs some 34 million people in the EU, over 80% of the EU's private sector R&D expenditure is spent on manufacturing, manufacturing generates the new and innovative products that provide some three quarters of EU exports and over 99% of companies and some 58% of manufacturing employment are related to SME's. The challenges to industrial manufacturing across the EU originate mostly from foreign competition either in the form of location for investment, production and R&D spending. The EU is becoming increasingly exposed to producers in emerging economies that are upgrading the skill intensity of their exports and catching up in terms of the non-price factors that underlie the EU's competitive edge on world markets. It is therefore becoming increasingly relevant that the EU adapts itself to a more robust comparative advantage so that it is well placed to face up to the challenges from China, India and other fast developing countries.

As well as the skills based sector, the Commission remarks on the on-going international competition for R&D spending. Evidence indicates that the EU is simply not competitive enough as a location for research, with the US and Japan attracting more international R&D expenditure that the EU. Further, the US has been more successful than the EU in attracting researchers and highly skilled staff.

In preparing this report, the Commission services undertook a detailed screening of twenty seven individual industrial sectors. The policy areas chosen for screening reflected their importance in terms of productivity growth and international competitiveness. The individual sectors were then grouped into four broad categories: the food and life sciences industries; the machinery and systems industries; the fashion and design industries and the basic and intermediate product industries. Of these groupings it was found that the food and life sciences industries, the machine and systems industries (such as mechanical engineering) have experienced medium to high growth rates. The fashion and design industries experience low or negative output growth and very low R&D spending, whilst the basic and intermediate industries (chemicals, steel, pulp and paper) experienced a medium to low growth. The only exception being the chemicals and rubber industries. For this latter grouping the proposed REACH legislation will play a significant role.

In order for the EU to be best placed to meet the manufacturing needs of the future the Commission report states that forthcoming initiatives will seek to achieve relevant, integrated and consensual policies. To address this aim the Commission proposes the creation of seven cross-sectoral policy initiatives:

- An Intellectual Property Rights and Counterfeiting initiative (2006)
- The establishment of a High level Group on competitiveness, energy and the environment (end 2005)
- Addressing external aspects of competitiveness and market access (spring 2006)
- A new legislative simplification programme (October 2005)
- Improving secotral skills (2006)
- Managing structural change in manufacturing (end 2005); and
- An integrated European approach to industrial research and innovation (2005)

In addition to these over-arching initiatives, the Commission will also look into sector-specific initiatives. They are:

- A pharmaceutical forum (first meeting 2006)
- A mid-term review of life sciences and biotechnology (2006-2007)
- A new high-level group on the chemical and defence industry (2007)
- A European Space Programme
- A taskforce on ICT competitiveness (2005-2006)
- A mechanical engineering policy dialogue (2005-2006) and
- A commissioning a series of studies into the ICT, food, fashion and design industries.

In its conclusion, the Commission reiterates that the purpose of the report is to set out a series of EU initiatives in the industrial manufacturing sector for the coming years. To achieve this objective it will help facilitate and improve upon the conditions for the EU's manufacturing base. A mid-term review of work undertaken is scheduled for 2007. This review will report on progress and consider whether any revisions to the measures outlined above are necessary.

Policy framework to strengthen the European Union manufacturing: towards a more integrated approach for industrial policy

2006/2003(INI) - 05/07/2006 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report drafted by Joan **CALABUIG RULL** (PES, ES) in response to the Commission communication on a policy framework to strengthen EU manufacturing as part of the Lisbon agenda. Parliament recognised the important role of the manufacturing industries in the EU, and pointed out that manufacturing, services and trade were strongly and increasingly interlinked in the modern business environment. It supported, therefore, the development of a coherent industrial policy at European level to tackle the challenges of globalisation. Parliament also recalled that the EU must aspire to remain a major industrial power, and not merely confine itself to developing its services sector.

Parliament felt that the Community policy of aid for national industrial policies must aim to develop European Flagships for Excellence, creating synergies between the skills of local labour markets and research centres. It supported the initiatives set out in the Commission communication. It was convinced that the future of Europe's manufacturing industries lay in increased added value and better quality, and was therefore concerned that overall EU trade was still concentrated in sectors with medium-high technologies and low to intermediate labour skills. Education and training at all levels were key issues, both in terms of improving labour force qualifications and facilitating structural change. Parliament regretted the fact that the Commission communication did not pay enough attention to education, lifelong learning and training. It urged Member States to increase their efforts to attract more young students into technical and scientific studies.

Moreover, the transfer of knowledge and the application of research results in new products and processes was still too weak in the manufacturing industries, and especially in SMEs. In this respect, Parliament saw a clear need to bridge the current gap between the research community and the market sector. It stressed the major potential of nano-sciences and nano-technologies and urged the manufacturing industry to keep up to date with technological progress and the provisions of the 2005 to 2009 European programme of action in this field so as to be in a position to take advantages of the opportunities and new perspectives opening up for each of its sectors. Parliament also stressed the problem of access to finance and venture capital, especially for innovative start-ups and SMEs, and asked the Commission to involve the EIB and the European Investment Fund in the work of the sectoral initiatives.

Parliament maintained that no Community aid should be granted to companies which, after receiving such support in a Member State, transfer their manufacturing operations to another country without completely fulfilling the agreements entered into with the Member State concerned.

It called on the Commission to make an in-depth analysis of the current situation of the manufacturing industries in the new Member States and the challenges ahead and to ensure that Community legislation is properly enforced. This would make it possible to obtain aggregated data for the 25 Member States and, on the basis of those data, to analyse the various sectors and draw up recommendations to guide industrial policy.

The Commission was urged to focus on the area of market surveillance and the fight against unfair competition and counterfeiting, and to come forward before the end of 2006 with concrete proposals in the area of protection and enforcement of intellectual property rights. It should also monitor and record the extent to which imported products comply with European environmental and consumer health protection legislation and affect the competitiveness of European products.

Finally, Parliament stressed the importance of market access for the manufacturing industries. It urged the Commission to identify international practices which could adversely affect the competitiveness of European undertakings, particularly regulations and subsidies, and tackle barriers to trade and investment that were in breach of international rules.