

The New European Industrial Policy: From Commitment to Results

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Alliance Members





The Alliance strongly supports the Commission's initiative to develop a new EU industrial policy designed to provide the right framework conditions for enterprise development and innovation in order to make the EU an attractive place for industrial investment and job creation.

In particular, the Alliance supports the three main pillars on which EU industrial policy is being developed:

- a strengthening of major horizontal policies with a view to ensuring and promoting:
 - an open and competitive internal market;
 - research, innovation and skills;
 - better regulation and administrative simplification;
 - full and fair participation in global markets.
- the definition of anticipative horizontal measures to take account of the specific characteristics of certain sectors or clusters of sectors.
- a more integrated approach to policies impacting on industrial development and competitiveness, in such a way as to meet the requirements of policy consistency and to seize available opportunities for synergies.

In this regard in particular, the Alliance welcomes the October 2005 Communication on a more integrated approach for industrial policy and supports the seven new cross-sectoral policy initiatives and the seven new sector-specific initiatives it contains.

The Alliance also applauds the explicit recognition that a strong and healthy manufacturing industry is essential to exploit the EU's potential for growth to the full. Europe needs growth as a precondition for generating employment and resources to maintain its social and environmental standards. The industrial policy currently under development must enable companies in the European manufacturing sector, both large and small, to face global competition at every stage of the entire value chain, in both base and high-tech areas.

As rightly stressed by the Commission, "the competitiveness of manufacturing industry is a cornerstone of the EU's sustainable development strategy" but this competitiveness is facing serious threats, with less dynamic growth in Europe, an ageing domestic population, strong regulatory pressures, high energy, labour and production costs, increasing transport costs, and competition from strong demand for raw materials in other parts of the world.

A decision to invest in production and R&D in Europe is therefore not an obvious one. If European companies understandably invest outside Europe in order to participate in strong foreign economic activity, it is nevertheless important to understand that globalisation is not a zero-sum game. Indeed, European overseas investments can be very beneficial for European companies and generate positive results for both the European economy and the host countries. An essential condition for such win-win scenarios to be able to materialise is a strengthening of EU industrial policy, in the context of delivery of the EU growth and jobs agenda.

In order to increase awareness of the fact that economic reforms and a more balanced approach to sustainable development are a matter of pressing urgency, and convinced of the value of the new EU industrial policy to this end, the Alliance would like to underscore, in a dedicated workshop, the progress and expectations in a number of action areas:

The functioning of the Internal Market

The Internal Market has generated a business environment that has already contributed significantly to the growth of European industry. Nevertheless, further progress is necessary. In particular, primary sources of extra costs related to the Internal Market regulatory framework hampering industrial competitiveness need to be addressed. This includes, for example, frequent changes in the regulatory environment or lack of clarity in provisions, concepts and definitions at the EU level, which translate into inconsistent national transposition in Member States (e.g. EU waste legislation, including WEEE and RoHS, or the EU Emissions Trading Scheme). This leads to legal uncertainty and to unnecessary costs for companies. In addition, inconsistent national implementation or even lack of implementation trigger extra adjustment costs and distort the level playing field within the EU.

The promotion of innovation and skills

A new impetus must be given to promotion of innovation policy. Innovative tools like the Technology Platforms and the Joint Technology Initiatives must be geared to ambitious goals and supported by the necessary financial means. At the same time, more will need to be done to ensure that innovation policy places sufficient emphasis on the role of market demand, in such a way that development of higher value added products is encouraged in all sectors. The EU should also help identify the future needs for skills and promote actions aimed at avoiding skills gaps. Issues concerning the promotion of innovation and the development of skills often have a very local/regional dimension. Therefore, the EU should also explore the opportunity to enhance regional cooperation, with a view to promoting the transfer of innovation and the exchange of best practices.

The respect of Intellectual property rights (IPR)

The EU must develop a global approach that safeguards intellectual property and addresses the criminal offences arising from counterfeiting, piracy and trademark violations everywhere in the world. The Alliance welcomes the Commission's decision to launch in 2006 a dialogue with industry to determine a sound European IPR framework to support innovation. An effective Community patent is also urgently needed.

The way forward to better regulation

Better and simplified regulations together with robust impact assessments are important tools to increase the competitiveness of European industry. Lack of proportionality in legislation must be remedied, to avoid excessive costs. A typical example is given by the compliance burden for industry in the environmental field. The EU should benchmark its policies in key areas such as energy and environment with those of the main economic regions and ensure that European industry is not put at a major competitive disadvantage. The constant tendency to go beyond internationally agreed conventions cumulatively creates a heavy burden for European industry.

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High Level Groups

The Alliance welcomes the creation of High Level Groups (HLG) as an important step to work together with industry sectors in order to identify the key actions required to maintain competitiveness. In particular, industry is pleased to cooperate with Commission, Member States and other stakeholders in the cross-sectoral HLG on Competitiveness, Energy and the Environment which integrates issues and policy areas of major importance for the industry. Effective implementation of the recommendations resulting from the HLG process, i.e. moving from shared vision to shared ownership, is a key challenge, however, which the Alliance wants to highlight.

Full and fair participation in global markets

External policies must contribute to the EU's industrial competitiveness not only by opening markets in regions experiencing strong economic growth, but also by improving access to raw materials or energy resources unavailable in the EU and by maintaining effective legitimate trade defence instruments to address unfair trade and state subsidies.

In this respect, the Alliance stresses the need to develop a more proactive set of trade and external policies, to address key issues as well as tariff and non tariff obstacles to trade at both multilateral and bilateral level and to operate a transparent but resolute trade defence policy.

The rise and spread of non-traditional trade distortions in access to raw materials or energy resources on the world market require in particular that the EU engages firmly in bilateral negotiations whenever necessary to eliminate restrictions and distortions and to actively promote new WTO rules addressing export restrictions/taxes, import subsidies and dual pricing.

Regulatory cooperation to facilitate trade

Discriminatory and disproportionate regulations have become costly, non-tariff barriers to trade. Hence regulatory cooperation can generate huge benefits for industry while improving the implementation and effectiveness of domestic regulations.

The EU should engage constructively with major trading partners such as the US and Russia, and ensure that new EU regulatory approaches are compatible with the approaches of the EU's major trading partners.

Conclusion

It is not only the Commission that must act. Member States play a key role through their National Reform Programmes, as well as the envisaged initiatives to promote innovation. A partnership between authorities and industries must also be built to allow European Industry to improve its position and remain a world leader.