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### **“INDUSTRIAL COMPETITIVENESS – CHALLENGES, OPPORTUNITIES, AND THE ROLE OF POLICY IN DIFFICULT TIMES”**

**CONFERENCE ORGANISED BY THE EUROPEAN COMMISSION  
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### **SESSION 1: “DID THE NEW EU INDUSTRIAL POLICY DESIGNED IN 2002 DELIVER?”**

#### **INTRODUCTORY REMARKS BY PHILIPPE DE BUCK, DIRECTOR GENERAL OF BUSINESSEUROPE**

##### 1. The role of manufacturing industry in Europe

EU manufacturing industry is important in its own right – it provides around a fifth of EU GDP and employs some 34 million people in the EU. This does not seem to be much, but in fact, it is key. Why?:

- First, industry is key for technology. And technology is key for addressing a number of societal needs, ranging from health care to mobility. Over 80% of EU private sector R&D expenditures are spent in manufacturing.
- Second, industry is export driven. Manufacturing provides some three-quarters of EU exports.
- Third, EU manufacturing industry consists of a large majority of SMEs. Over 99% of companies and 58% of manufacturing employment are SMEs.

##### 2. Reminder of past BUSINESSEUROPE actions and positions

Already in 2002, BUSINESSEUROPE pushed very hard for a new Industrial Policy initiative and had discussions with President Prodi on this. On the political side, Chancellor Schröder was also calling for a new initiative. Therefore we very much welcomed the new Industrial Policy concept launched by the Commission in 2002, with its combination of horizontal policies and sectoral initiatives aimed at improving the specific operating framework of sectors. Many such horizontal policies are still relevant for today's agenda, like:



- establish a framework conducive to entrepreneurship
- achieving the internal market
- promote innovation, knowledge and research
- ensure access to a competent and skilled workforce
- improve the integration of policies that have an impact on industrial competitiveness
- gain further access to international markets, under conditions of fair competition.

We later supported the Commission Communication presented by Vice-President Verheugen in 2005, outlining a number of concrete sectoral and cross-sectoral initiatives.

### 3. Horizontal policies :what worked best, what worked less well since 2005?

I would like to focus on better regulation, an issue where we put particular emphasis.

Some progress has been made in that area, but we can and must certainly do much better!

From a conceptual point of view, tribute must be paid to the Commission for having introduced:

- formal tools and methodologies for impact assessment
- a mechanism for independent verification of the impact assessments done.

But when we move from theory to practice, reality shows that a lot of efforts must be deployed by industry, by the Council and the Parliament in order to adjust the Commission proposals, so that they really reflect the Commission's own motto that industrial competitiveness is a necessary ingredient for the success of the EU sustainable development strategy.

This has been the case with REACH, where the Parliament and the governments played an important role to improve the design of the legislation. The significant costs that can now be seen for the implementation of REACH are another example of the need for defining sound practical approaches at an early stage.

Regarding the European Emission Trading Scheme (ETS), BUSINESSEUROPE has always given its support to the idea of increasing predictability and transparency. But here again, a lot of efforts were needed from industry, from Governments and from the Parliament to avoid fatal flaws in the design of the revised ETS. This year will be crucial for defining efficient implementation provisions for the revised ETS, in a way that protects the competitiveness of the European industry.

The economy has become extremely complex and it is therefore vital that the integration of the relevant policies – in particular for competitiveness, environment and energy – is done with utmost care. The Competitiveness Council should have been the champion of this integration. Up to now, it has not sufficiently played that role .



#### 4. Better regulation in the context of the crisis: the ACEI view

In the context of today's crisis, we should not deal with regulation with a "business as usual" attitude. In a recent position, the Alliance for a Competitive European Industry (ACEI), of which BUSINESSEUROPE is a member, stresses that it is essential not to increase the regulatory burden. Already today, European companies have to comply with the highest regulatory requirements. We recognise that the climate protection agenda will lead to new regulatory initiatives. In other areas, new policy proposals should be scrutinised against the impact on cost for industry and alternatives elaborated or the project put at a standstill to avoid additional burden at this time.

The 13 March contribution of the Alliance highlights numerous examples of legislative initiatives that should be revisited, reworked or postponed. Regarding horizontal legislation initiatives, this is the case in particular for:

- the proposals for IPPC (Integrated Pollution Prevention and Control) legislation, which needs to be significantly reworked.
- the idea of introducing an EU trading system for SO<sub>2</sub> and NO<sub>x</sub>. Serious questions are raised by industry on this idea, which could limit production and therefore growth and jobs.

Other important issues are also raised in the [ACEI contribution](#), in particular giving added momentum to development of fundamental EU policies, improving the accessibility of European funds, ensuring access to capital, fighting protectionism, focusing recovery plans on smart investment and infrastructure, and organising cost-efficient implementation of the energy and climate package.

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