

**Mr Jean-Claude Marcourt**

Vice-President and Minister for the Economy,  
SMEs, Foreign Trade and New Technologies  
Rue kefer, 2  
5100 Namur

22 November 2010

Dear Vice-President,

On 25-26 November 2010, the Competitiveness Council will discuss the EU's industrial and innovation policies.

**The economy**

Your meeting will take place at a time when economic growth is higher than expected in 2010 but great uncertainties remain for 2011. BUSINESSEUROPE's latest Economic Outlook forecasts EU GDP growth to reach 1.8% in 2010 and 1.7% in 2011. For 2011, we expect the creation of around 600,000 new jobs. This will stabilise unemployment but is not enough to decrease unemployment more markedly. The Competitiveness Council can make a difference if it takes the necessary decisions to turn the agenda proposed by the Commission communications on the EU's industrial and innovation policies into real actions.

**Industrial policy**

European business welcomes the renewed attention given to industrial policy. In its Communication "An Integrated Industrial Policy for the Globalisation Era", the Commission rightly highlights that a strong industry is key for ensuring Europe's global competitiveness in the future, as was also set out in BUSINESSEUROPE's position paper on an integrated industrial policy for Europe. Industry also provides technologies and solutions for tackling European and global societal challenges, such as an ageing society or climate change. It is therefore essential to ensure that the effects of all upcoming EU policy initiatives on the development of industrial activities in Europe are properly assessed.

Within Europe, policy-makers must refrain from unnecessary and disproportionate market interventions by governments. Europe should not seek to pick winners. Policy instruments must be defined in a sector and technology neutral way. As regards the EU's environmental goals, instead of artificially defining certain "green" sectors and technologies receiving special political treatment, measures should be put in place to make the whole of European industry more sustainable and more innovative.

Looking ahead, concrete implementation of the new industrial policy will be crucial. To this end, delivering the actions outlined in the Commission's Communication will also require closer cooperation with Member States and – as stated in the Communication – stronger coordination of industrial policies across the EU.

At the international level, the EU must defend open and fair markets. This is a precondition for growth and jobs in an EU economy which is largely relying on exports. Industrial policy should not lead to new protectionism and should be flanked by an appropriate international trade policy. The Communication on Trade, Growth and World Affairs sets out the right framework for promoting the interests of the EU industry globally. It is crucial for the competitiveness of European companies that the EU secures market access in emerging markets and undistorted access to raw materials.

#### **Innovation**

With regard to innovation policy, BUSINESSEUROPE welcomes the emphasis on a "business-oriented research and innovation policy" in the Commission's Innovation Union flagship initiative. What Europe needs is a truly strategic and integrated approach to innovation. This means that, in the future, it will be essential to look at R&I as a fundamental element of companies' growth and to develop an economic and industrial policy strongly based on research and innovation. Companies, from major industrial groups to SMEs, are the main leading innovation actors and, therefore, have a key role to play in ensuring a more innovative and competitive Europe and addressing the societal challenges facing us. Their participation in EU research and development programmes can be further enhanced if the regulatory framework for research and innovation continues to be simplified and European Innovation Partnerships are properly defined. In addition, more financial resources must be devoted to innovation when reforming the EU budget if we want to deliver on the objectives of the strategy.

BUSINESSEUROPE counts on the Competitiveness Council to give all the necessary attention the issues set out above and find a solution to the stalemate on two crucial dossiers. We are deeply concerned by the delays encountered in the adoption of the EU budget for 2011, which could aggravate the already difficult situation of some major EU-supported research projects such as ITER and Galileo. It is also more than time to reach a successful final decision on the present negotiation for the setting up of an EU patent, responding to the needs and requests of users.

Yours sincerely,



Philippe de Buck

