



European Economic and Social Committee

CCMI/083
Industrial Policy

Brussels, 4 May 2011

OPINION

of the

European Economic and Social Committee

on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions:

An Integrated Industrial Policy for the Globalisation Era

Putting Competitiveness and Sustainability at Centre Stage

(COM(2010) 614 final)

Rapporteur: **Mr van Iersel**

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On 28 October 2010, the European Commission decided to consult the European Economic and Social Committee, under Article 304 of the Treaty on the Functioning of the European Union (TFEU), on the

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: An Integrated Industrial Policy for the Globalisation Era - Putting Competitiveness and Sustainability at Centre Stage
COM(2010) 614 final.

The Consultative Commission on Industrial Change (CCMI), which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 April 2011.

At its 471st plenary session, held on 4 and 5 May 2011 (meeting of 4 May), the European Economic and Social Committee adopted the following opinion by 119 votes to 1 with 4 abstentions.

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1. **Conclusions and recommendations**

- 1.1 The EESC welcomes the Communication on Industrial Policy as a flagship in the Europe 2020 Strategy. It strongly endorses the holistic approach and an enhanced interlinking of EU policies as well as a deepened coordination towards industry between the EU and the Member States. The goal is a sustainable competitive European industrial sector in the global economy.
- 1.2 The EESC calls on the Council and the Commission to draw up a list of priorities and timeframes on the basis of the Communication and the corresponding Council Conclusions¹.
- 1.3 The enhanced interlinkage should, in the view of the EESC, lead to integrated approaches in a fully developed internal market within a social market economy through smart legislation, R&D and innovation, access to finance, energy-efficient and low-carbon economy, policies in the fields of the environment, transport, competition and employment, the improvement of skills and competences, trade and related issues, and access to raw materials.
- 1.4 Streamlining internal planning and coordination within the EU institutions as well as focusing on a closer relationship between the EU and the Member States places improvement of governance at the centre of future industrial policy. Member States should improve

¹ Conclusions adopted by the Competitiveness Council on 10 December 2010 (ref. 17838/10). The European Council made a good start on 4 February 2011 on energy and the promotion of innovation.

coordination among themselves. Also regions and metropolitan areas should take ownership. In brief, vertical as well as horizontal connections across Europe should be intensified in order to keep pace with other continents.

- 1.5 The EESC highlights the significance of annual Commission reports concerning national industrial policies which should be oriented to commonly agreed objectives. These reports should be openly discussed to improve coordination and promote best practices and to add to a European level playing field.
- 1.6 The EESC insists on an appropriate level of private and public financial resources for competitiveness and innovation counterbalancing shrinking budgets. The EESC very much welcomes the announced improvement of cross-border conditions for venture capital, as well as the proposals for public and private EU project bonds for investments in energy, transport and ICT². Project bonds for other areas, e.g. research and demonstration projects, should be examined. The structural and cohesion funds have also to focus on industrial policy goals. New innovative ideas are to be developed to attract private capital to the industrial sector.
- 1.7 Industrial policy concerns all sorts of interconnected manufacturing and services. The boundaries between sectors are blurring. SMEs are becoming increasingly important both in terms of added value and job creation. These factors require smart horizontal and sectoral legislation and/or regulation, and accompanying measures. The complexity of international networks and integrated manufacturing processes should be taken into account.
- 1.8 Because of the complexities and manifold interconnections the EESC underlines the need for (joint) commitments of public and private stakeholders via high level groups, technology platforms, social dialogues and education programmes.
- 1.9 The EESC highlights the following priorities:
 - the need for smart regulation, regulatory stability, adequate assessments and ex-post evaluations;
 - access to finance at EU level: FP7/FP8, CIP³, EIB and EIF, notably for SMEs;
 - the Innovation Union should be very closely connected with industrial policy, especially in the area of key enabling technologies and energy-intensive industries;
 - coordination within and between knowledge chains – research centres, universities, companies – should be promoted;
 - a European patent is a test for the credibility of industrial policy;
 - employees should be involved and participate;

² See Annual Growth Survey, section 9, COM(2011) 11 final.

³ Framework Programme and Competitiveness and Innovation Programme.

- schooling and training at all levels are needed, alongside the promotion of entrepreneurship, to ensure high-quality and stable employment with appropriate and sustainable wages; best practices should be communicated;
- global developments require an active trade policy and effective market surveillance, they call unequivocally for one European voice in order to attain a global playing field;
- a resource-efficient and low-carbon economy in Europe should imply that the EU requires the same standards to be respected by its trade partners;
- access to raw materials and to diversified sources of energy should be safeguarded.

2. Introduction

- 2.1 "New style" industrial policy dates from April 2004⁴. After a lengthy process of liberalisation and privatisation, a wide variety of national concepts of industrial policy continued to prevail.
- 2.2 At EU level, framework conditions empowering industries were given prominence. Sectoral analyses were carried out.
- 2.3 The EESC took an active part in this development and commented in a series of opinions on the enhanced interest for sectors and their specific characteristics at EU level⁵.
- 2.4 Meanwhile the context changes constantly. Due to the financial and economic crisis, diverging opinions on governance at EU level as well as diverging industrial performances in the Member States have an impact on the European ability to respond to changes.
- 2.5 In parallel, new themes and societal challenges have arisen, including the ageing society, climate protection and sustainable development, access to energy, intensified globalisation, the knowledge-based and digital society and changes in labour markets.
- 2.6 Innovation is the order of the day, both inspired by ongoing research and technology, and by increased competition, in home markets and abroad.
- 2.7 Over the last decade schooling and training at all levels has been increasingly highlighted as a priority.
- 2.8 In spite of clear progress, fragmentation of the internal market and a lack of focus has persisted, partly due to disparities in approaches to business. The relation between the completion of the internal market and industrial policies is too often overlooked. The EESC has repeatedly urged to put in place the right conditions, taking into account the need of tailor-made rules for sectors and thematic issues which take into consideration the broadly ramified worldwide value networks.

⁴ COM(2004) 274 final.

⁵ Relevant EESC opinions can be found at <http://www.eesc.europa.eu/?i=portal.en.enterprises-and-industry>.

3. What's new in the Communication

- 3.1 Industrial policy is about maintaining a strong manufacturing industry in Europe and about raising an overall awareness in society and among stakeholders that the EU must evaluate and put in place adjusted conditions to empower industry – manufacturing and services – to develop successfully in home markets and abroad.
- 3.2 Industrial policy should meet the challenge of increased uncertainties and imbalances as well as fierce competition and agendas set by other world players in defining a framework for a strong industrial base in Europe, for investment and job creation.
- 3.3 Industrial policy is a flagship initiative in Europe 2020 alongside other flagships and important fields, such as innovation, skills, trade and the Single Market. The holistic approach underscores the need for effective coordination and coherence of **all** EU policies. Coordination and coherence, including the accompanying transparency and visibility of EU policies, must support technological progress and innovation (notably key enabling technologies), restructuring, quality job creation⁶ and the European presence in international markets.
- 3.4 A new instrument is the proposal of the Commission on "competitiveness-proofing" through an assessment procedure, which must go beyond simple price or cost competitiveness to include investment and innovation factors.
- 3.5 The often neglected external dimension of industrial policy is prioritised. The same applies to the increased attention to access to raw materials as a basic condition for any industrial policy.
- 3.6 Renewed emphasis is placed on an integrated horizontal approach coupled with sectoral applications and tailor-made approaches, the requirement to look at the interconnection amongst sectors and the intertwining of value and supply chains (crucial for SMEs), networks and clusters, the impact of business services and access to finance.
- 3.7 In parallel to continuous change and restructuring processes in large parts of European industry, the Communication points to new sectors with rising investments and jobs such as space⁷, new security services, and the cultural and creative industries.
- 3.8 Very important and ambitious, in the EESC's view, is the Commission's proposal, based on Article 173 of the Lisbon Treaty, to publish annual reports on the state of play and

⁶ See the EESC opinion entitled "Innovative workplaces as a source of productivity and quality jobs", adopted on 18.3.2011 (not yet published in the Official Journal), in particular § 2.6.

⁷ The EESC points to the specific significance of space industries for the development of remote and rural areas.

development of national industrial policies which are supposed to strengthen common analyses and commonly agreed approaches and policies.

- 3.9 The EESC notes with satisfaction that the Competitiveness Council fully endorses the framework for strategic lines of EU action, which will facilitate a shared vision on priorities. Most importantly, the Council also underscores the need for coordination of Member States' industrial policies.

4. **General remarks**

- 4.1 Given the compelling circumstances, the EESC considers the Communication on industrial policy as well as the Council Conclusions to be very timely.
- 4.2 Industrial policy as a flagship in the Europe 2020 Strategy proves that the Commission is determined to prepare a coordinated strategy both at EU level and in the Member States. The commitment of the Member States is vital and urgent.
- 4.3 The EESC stresses the importance of a competitive sustainable manufacturing industry in Europe. This calls for a strong industrial base, connected with services that are vital to industry. Authoritative sources highlight a gradual shift in employment from manufacturing to industry-related services, not only intermediate inputs, but also the services provided by manufacturers themselves⁸.
- 4.4 Strong policies are essential to give shape to the future: smart energy, nanotechnology and life sciences, new materials, business services and social media, and the need to broaden ICT. Europe has no Apple and no Google! China is catching up fast and is already surpassing Europe in certain areas.
- 4.5 The EU badly needs a vision and a programme to improve productive investments and productivity. Well-defined common principles for action in the EU and in the Member States should generate incentives for ambitious investment programmes by companies and public authorities.
- 4.6 Industrial policy needs an appropriate level of private and public financial resources. Shrinking budgets that are underway should be counterbalanced by other, commonly agreed, financial means⁹.

⁸ Amongst others, see *Les secteurs créateurs d'emploi à court-moyen terme après la crise* (Centre d'analyse stratégique attached to the French Prime Minister, November 2010).

⁹ Germany, for instance, has recently raised its innovation budget by 20%.

- 4.7 The EESC perceives three major themes which have to be taken further in the coming years:
- the interconnection and interaction of a broad spectrum of horizontal and sectoral EU policies,
 - the complex international networks and integrated manufacturing processes¹⁰, and
 - the evaluation and enhanced coordination of national policies at EU level and among Member States.
- 4.8 Streamlining internal planning and coordination within the EU institutions as well as focusing on a closer relationship between the EU and the Member States places improvement of governance at the centre of future industrial policy.
- 4.9 The Member States develop their own industrial approaches and targets. To make EU "new style" industrial policy successful the Council should elaborate the Competitiveness Council's Conclusions as a basis for working together more intensively.
- 4.10 The EESC fully endorses the need for a holistic and integrated approach. Enhanced interlinking of policies is an important concept for a sustainable social market economy in Europe. It should lead to an integrated approach to Europe's industrial future in an operational internal market through smart legislation, R&D and innovation policy, access to finance, energy and low-carbon policy, environmental policy, transport policy, competition policy, improvement of skills and competences, trade policy and related issues, and access to raw materials. Sectoral approaches will amplify potentialities. These subjects are discussed in separate Communications¹¹.
- 4.11 The EESC welcomes effective "competitiveness-proofing", which should start on a selective basis.
- 4.12 Maintaining, even extending, the EU's financial resources in R&D is paramount. Large European projects – such as those in the field of energy – and the realisation of a pan-European infrastructure, co-financed by one or more Member States, should induce leverage effects.
- 4.13 Industrial clusters usually emerge in traditional industrial basins which develop continuously on the basis of new investment, technology and innovation, value chains, competences and skills, and regional and international networking¹². Advanced regions are spearheads for Europe.

¹⁰ See EESC opinion entitled "The Value and supply chain development in a European and global context" (OJ C 168 of 20.7.2007, p. 1).

¹¹ The first example of the application of this method is to be found in LeaderSHIP 2015, a strategy for the European shipbuilding sector launched in 2005.

¹² This point is illustrated by developments in a number of regions and metropolitan areas across Europe where outmoded industrial structures are being replaced by future-oriented investments and new dynamism.

- 4.14 The EESC believes that bundled policies and actions at EU level, combined with more transparent and up-to-date ongoing information on national developments, will contribute substantially to the realisation of a level playing field and a robust internal market, the heart of European integration.
- 4.15 Data and analyses are key. The EESC praises the detailed analytical work performed by the Commission. In-depth analyses and precise and comparable data at EU level are indispensable for any policy. Closer and forward-looking monitoring and evaluation require reliable data on dynamic up-to-date trends¹³. Progress is on its way, but much remains to be done.
- 4.16 Alongside national statistics, Eurostat has a vital role to play. It should be satisfactorily equipped to collect the right data and to analyse European and global trends and dynamics in time. It should be given enhanced means to access data. Information should be available as quickly and completely as possible.
5. **Governance at EU level; horizontal and specific approaches: sectors and value networks**
- 5.1 The bundling of Commission activities in one concept underlines the need for decompartmentalisation so as to enhance visibility and effectiveness.
- 5.2 Industrial policy remains to a certain extent national. The list of areas mentioned in the Communication in which the EU (Commission, Council, EP) is responsible for acting or could intervene is also impressive. Against this backdrop the coherent framework of Europe 2020 offers promising opportunities.
- 5.3 The EESC agrees with the Commission's policy intentions. However, the role of the Commission is not always clearly defined, partly due to the lack of formal competences in a number of areas. In certain sectors, such as energy, national targets and procedures continue to prevail and Commission's and Member States' competences are not coherently applied.
- 5.4 Accordingly, the authority and effectiveness of the Competitiveness Council that – together with the Commission – sets targets and is responsible for regulation in a very wide range of subjects, should be improved.
- 5.5 The EESC calls on the Council and the Commission to draw up an operational list of priorities, and a corresponding time frame. These priorities must also include the economic infrastructure such as advanced transport networks, diversified energy sources and access to them, the digital agenda and ICT.

¹³ The EESC has argued this before in an Information Report entitled "A sectoral survey of relocation" (2006), that proved flaws in the comparability of data used by the Commission.

- 5.6 The external dimension of the internal market and the aim of a world level playing field increasingly require an active trade policy and an effective European diplomatic corps.
- 5.7 Industry is once again undergoing fundamental transformations driven by R&D and innovation, amended regulation and international industry and services markets. These developments affect all sectors. Priorities as set in successive EU work programmes should reflect the trends in order to secure the right framework conditions and include a concrete agenda that would provide guidance and certainty for industrial investments. A stable long-term regulatory framework is necessary.
- 5.8 The relationship between industrial policy and the Single Market is paramount. The EESC insists that parallel to more specific industrial policies, the decision-making on the Single Market Act will clearly reconfirm the role of the Commission and the EU, and the need for a European level playing field.
- 5.9 The EESC reconfirms the necessity to maintain the objective of 3% of GDP on R&D expenditure. Shrinking financial resources should not damage decisive innovative forces.
- 5.10 With a view to efficiency and added value of policies and financial instruments, the EESC has welcomed in various opinions sectoral high-level groups, technological platforms, the stimulation of innovative clusters and cross-border cooperation between research panels and research centres, all backed by EU funding. Demonstration and exemplary projects should be developed.
- 5.11 A successful project is the Lead Market Initiative (LMI) for six important sectors to lower barriers for products and services¹⁴. In the same vein the EU should embark on new industrial projects, e.g. clean and energy efficient vehicles, carbon capture and storage, pan-European networks, space endeavours, and key enabling technologies.
- 5.12 The EESC considers the adoption of the European patent a test case for the credibility of EU industrial policy. If a European patent cannot be achieved for the EU as a whole now, for the time being a limited number of countries should start with it.
- 5.13 More generally, in the context of the world today the protection of intellectual property rights is a high priority.
- 5.14 Approaches designed specifically for sectors are essential in order to achieve better and more appropriate regulation and to develop the needed instruments and measures.
- 5.15 Nonetheless, globalisation, fragmentation of supply chains across country boundaries, and the close interdependence of the various actors make a "traditional" sector by sector view of

¹⁴ The LMI identified the following markets: eHealth, protective textiles, sustainable construction, recycling, bio-based products and renewable energies.

industry from a policy perspective less relevant. This is not to be seen as denying the existence of some very specific problems in some sectors, but these need to be dealt with on a case by case basis in a European perspective.

- 5.16 A flexible sectoral approach enables successful exchanges of views and is a good basis for the commitment of public and private stakeholders. In addition to the Commission and government officials, these include companies, research institutes, (higher) education, social partners, NGOs and regional representatives.

6. **Key specific issues**

- 6.1 Industrial policy is an overall concept with a number of related and interconnected areas.

- 6.2 **Access to finance and funding** are serious bottlenecks to be addressed urgently. The EESC welcomes very much the announced improvement of cross-border conditions for venture capital, as well as the proposals for public and private EU project bonds for investments in energy, transport and ICT¹⁵. Project bonds for other areas, e.g. research projects, should be examined. Other measures, among them tax deduction schemes, will have to be taken into consideration.

- 6.3 Especially SMEs have been hit by the financial crisis. Innovative ideas have to be developed to mobilise private capital, e.g. crowd funding. The EESC proposes that the Commission should organise round tables with external stakeholders to examine ways and means to mobilise private capital for industrial purposes. Practices around the world have to be taken into account. Fertile ideas and practices must be diffused.

- 6.4 The EESC recommends that the EIB too, together with the EIF, should be encouraged in its efforts to develop targeted instruments to help European SMEs to grow.

- 6.5 The role of the EIB is all the more important as an example for other private investors as well as a catalyst for attracting additional financial funding. This includes also the promotion of long-term investments, needed for the development of innovative processes. Social and environmental criteria should be integrated into EIB loans, with ex-post evaluations of the impact of EIB spending on European industry at large and for the achievement of EU objectives.

- 6.6 As to FP7 and FP8 the EESC welcomes the increasing focus of the Commission on innovative industrial projects and (cross-border) cooperation.

- 6.7 Currently, EU R&D funding focuses on disseminating and deepening knowledge. Projects in line with the views of EU Technology Platforms must be endorsed, as well as the European

¹⁵ See footnote 2.

Institute for Innovation and Technology (EIT)¹⁶. The EESC advocates further simplification in the implementation. EU funding should be invested in a targeted way in order to create a multiplier effect of public and/or private investments.

- 6.8 This means that FP8, alongside fundamental research, must also be driven by industrial policy objectives. For large industrial projects an effective coordination between (centralised) EU and national funding is necessary anyway.
- 6.9 The same goes for the CIP, the Competitiveness and Innovation Programme for SMEs in the fields of energy, ICT and entrepreneurship.
- 6.10 Development in mono-industrial regions should be looked at afresh in order to encourage industrial diversification more effectively. Sustainable development will be endorsed by EU funding of low-carbon and environmental projects.
- 6.11 The relationship between **innovation** and industrial policy is self-evident. Innovation is a very broad area and covers also non-technical matters. Quite rightly, the innovation and industrial policy flagships largely share the same focus and common objectives as innovation partnerships. This will add to efficiency and visibility.
- 6.12 A possible de-industrialisation must be avoided by strengthening the link between innovation and industry¹⁷, amongst others through the emphasis on "key enabling technologies". Conditions for science-driven industries should be improved.
- 6.13 National and EU level research and innovation policy is closely connected with industrial policy, especially under the pressure of shrinking budgets and efforts in other continents. The reduction and/or off-shoring of research expenditure in companies is also worrying.
- 6.14 The conversion of research and science into products via applied technology remains a weak spot across Europe. Whilst fundamental research remains crucial, the EESC stresses the need for an effective, sustainable and faster transition from the "lab" to the real economy.
- 6.15 Goals in the transition process to a low-energy and low-carbon economy can give rise to additional opportunities for pioneering innovation.
- 6.16 An improvement of the coordination within and between knowledge chains should be a priority. It should be discussed among all stakeholders in the public and private sector in order to bridge gaps and promote added value and effectiveness.

¹⁶ The first three Knowledge and Innovation Communities (KICs) are underway.

¹⁷ See, amongst others, "The de-industrialisation of Europe. There is no more time to lose!", Académie Royale de Belgique, 2010.

- 6.17 Universities still do not play their full role as an integral part of the knowledge triangle. Emphasis has to be laid on open and cross-border networks between universities and industry. The EU should focus on promoting such developments.
- 6.18 The **Social Chapter** of Europe 2020 covers various elements. The creation of jobs through private investments and through the supply and value chain and SMEs is central. This objective would also enhance public acceptance of the strategy.
- 6.19 Employees should be involved and participate. The EESC emphasises the need for effective social dialogue and the promotion of common objectives and commitments in this era of dynamic changes. Social dialogue is also needed for socially acceptable solutions and is required to create trust for economic transformation; moreover, it should enhance public awareness and acceptance.
- 6.20 Member States have their own traditions in this field. In the EESC's view, participation and involvement of employees should take place at company, regional, national and EU level so as to foster anticipation and shape change. At EU level, sectoral social dialogues are a very valuable tool that the Commission should continue to support and promote them where they do not exist.
- 6.21 **Schooling and training** at all levels are at the top of the list. Analyses of the labour market (at sectoral level) should be a basis for guidelines for education curricula, with a view to mid- and long-term skills requirements. Gender gaps should be eradicated. In some areas, such as engineering and technical professions the mismatch between supply and demand on the labour market is worrying. Entrepreneurship should be promoted.
- 6.22 Guidelines and the dissemination of best practices are needed in order to shape (higher) education curricula¹⁸. The EESC calls for the Commission to step up its commitment in this area.
- 6.23 **Global developments** call for an active European trade policy. The division of labour between "high-value" and "low-value" countries is blurring. Major economic and social developments are taking place at high speed, notably in Asia. A global level playing field is thus all the more important in terms of environmental and social standards, reciprocity of market access, intellectual property, etc.¹⁹.
- 6.24 The EESC insists that all European decision-making as well as the assessment of future legislation take the perspective of a global level playing field into account. In parallel, better monitoring and more effective market surveillance should be put in place in the EU. The competences of customs controls should be enhanced.

¹⁸ See EESC opinion entitled "Universities for Europe" (OJ C 128 of 18.5.2010, p. 48).

¹⁹ See the Communication on Trade Policy, SEC(2010) 1268.

- 6.25 The significance of standardisation can hardly be overestimated as an important instrument in the Single Market. American and Chinese companies are often aligning with these standards spontaneously, because they are pioneering in the world.
- 6.26 The EESC underlines the link between industrial policy and trade policy and related issues. Artificial barriers to trade and investment in other parts of the world must be combated. Negotiations on these issues can go beyond the WTO framework and have to be dealt with in bilateral or other multilateral frameworks. The external dimension of industrial policy implies that the EU must speak with one voice in any international economic forum²⁰.
- 6.27 The EU must aggressively combat limitations on access to raw materials applied by trade partners. The EESC welcomes the recommendations for action on prices of raw materials and market consolidation in the mining sector. Speculation in the commodities markets should be addressed.
- 6.28 Without prejudice to agreed EU energy and climate objectives and standards, policy instruments must be carefully examined and designed in terms of the extent to which they impact on the competitiveness of industry²¹. A resource-efficient and low-carbon economy in Europe should imply that the EU requires the same standards to be achieved by its trade partners²². The preferable solution is multilateral agreements. Trade sanctions should be avoided.
- 6.29 Concerning **social standards**, the EESC points to the ILO declaration on core labour standards of 1998 on discrimination, child labour and forced labour as well as the freedom of trade unions and collective bargaining²³. The ILO conventions are more concrete, but they are not subscribed to or implemented by a number of countries.
- 6.30 Corporate Social Responsibility (CSR) must be practiced internationally on the basis of the ILO Declarations and the OECD Guidelines as well as of other widely recognised international instruments²⁴. Companies start using CSR as a label enhancing their image.

20 See EESC opinions "The external dimension of European industrial policy – Is the EU's trade policy really taking the interests of European industry into account?" (CCMI/081, ongoing) and OJ C 128 of 18.5.2010, p. 41.

21 See EESC opinion entitled Impact of the ongoing development of energy markets on industrial value chains in Europe (OJ C 77 of 31.3.2009, p. 88), in particular § 1.6.

22 See EESC opinion on "The effects of international agreements to reduce greenhouse gas emissions on the industrial change processes in Europe" (OJ C 185 of 8.8.2006, p. 62).

23 See ILO Declaration on Fundamental Principles and Rights at Work (1998).

24 Among others, the UN Global Compact and International Financial Reporting Standards (IFRS, among which the International Accounting Standards). The UN Guiding Principles on Business and Human Rights, drafted by John Ruggie, is also relevant.

7. **Relation between national industrial policies and the EU**

- 7.1 In spite of inter-state differences the US economy functions with one market and one central government. The same goes for China and others.
- 7.2 In Europe, by contrast, Member States all have their own forms of industrial policy²⁵. The pattern is highly diversified due to diverging national decision-making structures and traditions, specific relationships between the public and private sectors and diverging structures of the economies and comparative advantages. Moreover, the current crisis may bring with it the temptation of hidden protectionism.
- 7.3 Due to all these disparities the output in terms of economic growth and employment in the Member States is very different. The Council underlines the desirability of annual reports on the development of national industrial policy. Given the limited competences of the Commission in this field, this is far from an easy job.
- 7.4 A main objective of Europe 2020 is to bring the EU and the Member States closer together. The Commission reports can form an additional part of EU governance. Transparency, successful examples and best practices may lead to a positive convergence of governmental attitudes. They should give rise to discussions in the Council on the various concepts and their practical results.
- 7.5 Of course, each Member State is free to define its own strengths and create knowledge and other infrastructures if the actions are in accordance with EU rules. Platforms for discussion on experiences can enhance cooperation between groups of Member States.
- 7.6 Monitoring and evaluation of national performances can open up new opportunities between governments, between governments and the Commission and, of course, for companies, in particular for the huge number of internationalising SMEs.
- 7.7 Various countries have their innovation platforms with national targets. These are rarely to the benefit of common European objectives. The EESC advocates examining how cross-border approaches could increase effectiveness. Best practices should be diffused and discussed.
- 7.8 The annual reports should analyse the coherence of EU industrial policy and national policies. Since recently, Member States – e.g. Germany, France, the United Kingdom, Spain and the Netherlands – are also issuing policy papers on their national policy²⁶. But the link to European objectives and actions remains weak. The EESC recommends an analysis of these

²⁵ Somewhat exaggerated, this amounts to 27 industrial and innovation policies.

²⁶ In focus: Germany as a competitive industrial nation (Germany), *Feuilles de route des comités stratégiques de filière* (France), the Growth Agenda (United Kingdom; shortly to be followed by a detailed programme), *Plan Integral de Política Industrial 2020* (Spain), *Naar de top: de hoofdlijnen van het nieuwe bedrijfslevenbeleid* (Netherlands).

national reports by the Commission in a European perspective in its forthcoming annual report.

- 7.9 Exchanges of view on desirable industrial policies among Member States are also intensifying. Practices of this kind as well as operational results should be diffused across the Union in order to replace national tunnel visions by broader perspectives.
- 7.10 Also the regions and metropolitan areas must take ownership. They should be empowered to develop clusters and to intensify cooperation between schooling, knowledge centres and industry (e.g. through the development of regional-sectoral networks).
- 7.11 The Commission's evaluation should embrace performances and practices in specific fields such as public procurement – 17% of GNP – where, according to analyses and contrary to EU directives, national industrial objectives still prevail.
- 7.12 A special case in point is military equipment, which is often overlooked. Shrinking budgets often have a damaging effect on military expenditure. Independent examinations must pave the way for better value for money.
- 7.13 In this field the EESC highlights the need to lift barriers within the EU and, equally, to develop competitive cross-border supply chains. Spill-over and spin-off effects between military and civil production should be promoted. In parallel, European harmonisation of export permits must be envisaged.
- 7.14 Another interesting field is "public utilities". On the basis of an inventory by the Commission, more openness to trans-border cooperation and/or best practices must be envisaged.

7.15 EU analyses can produce interesting data on the quality of a broad spectrum of conditions in Member States. Simplification of administrative practices (without prejudice to product safety and consumer protection) and reduction of financial burdens must be encouraged²⁷. In some areas and countries these processes are underway.

Brussels, 4 May 2011.

The President
of the
European Economic and Social Committee

Staffan Nilsson

²⁷ Stoiber Group.