

"Berlin Declaration"

**Joint declaration on industrial policy by
Austria, Belgium, Bulgaria, Croatia, Czech Republic,
France, Germany, Hungary, Italy, Latvia,
Lithuania, Luxembourg, Malta, Netherlands, Poland,
Portugal, Romania, Slovak Republic, Slovenia and Spain**

**on the occasion of the
Vth Ministerial Conference of the Friends of Industry
June 30th 2017 - Berlin**

We all share the same objective: to have a strong Europe. A competitive industrial sector has a vital part to play in this. Therefore we, the undersigned, have gathered here today to join forces for a European Union that has a strong industrial base, and to make this a key component of our future. We are convinced that these times that are marked by so much insecurity call for fresh momentum for our industry. What we need is a kind of "Pulse of Europe: Industry edition", an impetus that will enable us to beef up our economies' capacity to innovate, enhance our future prosperity and create good jobs within the European Union.

In Berlin today, just as we did in Warsaw, Madrid, Rome and Paris, we reiterate our commitment to working towards a strong industrial base in Europe. After all, the industrial sector, including the related services sector, and Europe are closely intertwined and of considerable mutual benefit to one another: the Single Market, which is one of the greatest achievements of the EU, provides growth opportunities for industry, both within the EU itself and internationally. By the same token, industrial output has made a vital contribution to growth, prosperity and progress within the EU, ever since its early beginnings in 1953. We are all committed to upholding this beneficial interplay to ensure that it remains successful and able to deliver prosperity and inclusive growth, to the benefit of all EU citizens.

The last time the European Commission issued a Communication on industrial policy was in 2014. In our Warsaw Declaration of 2016 and the Council Conclusions on industrial policy approved in May 2017, we asked the European Commission to reinforce further its action to safeguarding the future of industry in Europe and to move industrial policy up on its agenda. In March 2017, the European Commission published its White Paper on the future of Europe: "Avenues for unity for the EU at 27" and thus paved the way for an open and broad-based debate about the future of the EU27. However, while the European Commission incorporated a strong industrial dimension into several major initiatives since 2014, Member States have yet to receive an answer to their appeals relating to industrial policy.

Against this backdrop, we hold it important to set the right course in the following fields of action in industrial policy:

Digitisation is at the heart of the fourth industrial revolution and as such will transform the world as it proceeds. We want to harness its opportunities: a successful digital transformation will be one of the required preconditions to secure the European industrial sectors' competitiveness and allow them to remain engines of growth and employment. Whether or not this will be successful will much depend on Member States increasing their investments in fast and dependable infrastructure and on European, national and regional investments in digital skills development throughout Europe. Skills are critical for competitiveness and employability, as structural changes call for ever higher and more labour market relevant skills. This applies to EU citizens in school, in vocational training and continuing education, and at university. As far as higher education is concerned, we will seek to promote the STE(A)M disciplines (science, technology, engineering, (arts), and mathematics). These investments will allow our companies and also employees to successfully shape the digital age. Beyond this, we also need to take action on issues including data economy, international eTrading of goods and services, and the development of new fields of business.

Much of the success of SMEs (including start-ups) will depend on targeted support measures developed in cooperation with the relevant stakeholders. Increasing SMEs' access to markets, to financing and to skills is certainly essential but we should also improve their access to the latest knowledge, expertise and technology services provided by technology infrastructures (RTOs) or innovation hubs. This includes establishing dedicated testbeds where SMEs can try out their latest smart products and manufacturing systems as well as forging networks and clusters to help SMEs finding partners and accessing value chains. Against this background we should put all our efforts together for creating innovative ecosystems or hubs, which will drive innovation and digitisation of industry through the cooperation between industry, research, start-ups, universities and all kinds of innovators.

We must also pick up on key forward-looking trends including Internet of Things, artificial intelligence, connected and autonomous systems, 5G, 3D printing, standardisation and IT security, along with their relevance for the industrial sector of the future. All this will be part of a global data economy thus calling for a European debate on adjusting our funding programmes and the overall regulatory framework, notably through the adoption of rules on fair B2B relationships and on data protection. We want to arrive at as broad an understanding of the challenges, opportunities and solutions as is possible and create a clear investment framework for companies.

In this context, we welcome the European Commission's Communication on important projects of common European interest (IPCEI) of 2014, the scope of which is limited to the end of 2020. We strongly recommend promoting the use of IPCEI as effective industrial policy tools, and extending this support for IPCEI to the period beyond 2020, in particular for innovative key-enabling technologies.

The European Fund for Strategic Investment (EFSI) has been developed by the EU for the purpose of providing companies with better access to financing for high-risk investments. We advocate for a swift extension of the EFSI up to the end of the current financial period as planned.

We find that overregulation of the EU industry, as a result of legal acts, which are created in the framework of other EU policies, needs to be tackled in order to boost competitiveness. With its sector-specific analyses, the Commission has done first steps in this direction; these should be complemented in a holistic manner. As a next step the Commission should lay out how regulatory costs resulting from multiple-regulation (ex-post and ex-ante) can be reduced.

Sustainability is not a political trend, it is mainstream. It is a global necessity which Europe has naturally embraced: we have devised an efficient and smart strategy as to how we want to achieve our climate targets in a way that offers our companies cost-effectiveness and certainty and allows them to plan ahead, something that is a key competitive advantage in these turbulent times.

The Paris Agreement on Climate Change is central and irreversible as the pathway in our efforts to mitigate and adapt to climate change. Whoever refuses to be part of this agreement or retroactively withdraws their support causes harm to both their own country and economy, and takes their leave from the international community of shared values and solidarity. It is therefore with all the more emphasis that we reaffirm our commitment to the Paris Agreement on Climate Change. We are convinced that this agreement is not only necessary in terms of our climate policies, but that it will also help make our industrial sector fit for the future: the transition to renewable energy that is proclaimed in the agreement will open up opportunities for new and progressive business and manufacturing models, particularly in the field of energy technology. We must redouble our efforts to harness these opportunities for our European industry. Our industry is in a good position to do so: we are world leaders on energy efficiency, smart cities and on resource efficiency. Our firms hold 40% of global patents in the field of renewable energy technology. This demonstrates that decisions and commitments made in climate and energy policy can also create a boost for modernisation in the industrial sector thus giving it a competitive advantage, in particular if research achievements are transformed into affordable commercial successes inside and outside the EU.

The industrial sector must invest in CO₂ reduction, but also retain its earnings potential and continue to have a viable base in Europe. Hence, we must exercise special caution as we design our emissions trading system (ETS): Driving away our energy-intensive industries by imposing undue carbon costs has serious negative effects on the industrial landscape including production value chains, employment, as well as on global greenhouse gas emissions. We are well advised to continue with the thus far successful consolidation of objectives in industrial, environmental and employment policy. This will benefit everyone, including the global climate and employees in the EU.

The times in which there were large trading nations speaking out in favour of open markets and a level playing field alongside the European Union are somewhat over. It is with regret that we are noting the geopolitical changes in trade policy and the emergence of protectionist tendencies. The industrial sector, one that is particularly characterised by global value chains, depends on free trade in order to be able to operate successfully and thus generate growth, prosperity and employment.

It is essential to prepare an adequate answer of the EU to the industrial strategies of third countries, based on the principle of mutually beneficial trade and investment and rules based trade with our partners at both multilateral and bilateral level, whilst ensuring that a level playing field is maintained and strengthened. It is vital to address challenges that are raised by competitive foreign industries which are supported through tools that are not in accordance with their obligations under international law or the applicable principles of the EU internal market including EU competition law and find an appropriate and balanced response.

European companies and their ability to develop innovative ideas are particularly dependent on access to global value chains. This is true for the European Union as it is for other large industrial hubs. We therefore find it all the more important to interact with our partners and get them on board, and to make progress on trade at both multilateral and bilateral level.

At the same time, we believe that we have an obligation to actively defend the legitimate interests of our businesses. This means that, in the interest of creating a level playing field, we need to modernise our trade defence instruments to make them more reactive and efficient. The European Commission needs to be able to defend our key strategic industry and our key strategic industrial products effectively against unfair competition and dumping. In the field of public procurement and foreign investment, where the EU shows a significant higher level of openness compared to other countries, as the European Council recalled last week, we need to deepen and take forward the debate on how to enhance reciprocity as we strive for openness of market access to safeguard a level playing field.

In order to underline the importance of our industrial base for prosperity and employment, European policymakers have established a target for industrial output, which is to account for 20% of GDP in Europe. We ask the European Commission to table a new strategic target for the European industrial sector to be achieved by 2030. This would synchronise timeframes for all three important European targets under our energy, environment (including climate) and industrial policies.

We believe that, going forward, the European industrial sector and its related services sector will only be successful if we work together and actively engage in dialogue with all stakeholders at European, national, regional and local level. In particular, we need to consult with different stakeholders and social partners including businesses, employees, trade unions, employers' associations, policymakers, scientists and teaching professionals. We welcome the introduction and organisation of a European Industry Day by the European Commission and the dialogue process with all the relevant stakeholders associated with this event. We want to actively drive this process of dialogue forward: Participation by civil society and social partners is crucial and visibility of the process will be key to positively shape industry's perception. If everyone is engaging, the outcomes achieved will help to substantially strengthen the competitiveness of the EU's industrial sector.

In this respect we welcome the Commission's reflection paper on Harnessing Globalisation underlining the uncontested net benefits of free trade while stressing the need for a level playing field for European companies in international trade and to better distribute the benefits across our societies to uphold our social models. We also welcome the Commission's internal response to globalisation stressing the need for robust social and education policies, a more technology-driven and innovative economy and close partnerships with more empowered regions.

In line with the European Council Conclusions of June 2017 and the Competitiveness Council Conclusions of May 2017 we restate the essential role of industry as a major driver for growth, employment and innovation in Europe and the need for action. We reiterate the therein mentioned necessity for the European Commission to draw up a new industrial policy strategy. As far as the timeframe is concerned, we would like to pick up on the Competitiveness Council Conclusions of May 2017 which ask for an extensive industrial policy strategy to be presented in time for the spring meeting of the European Council in 2018. This strategy should be a holistic industrial strategy for the future, developed in close consultation with Member States and relevant stakeholders, setting out new mid-term and long-term strategic targets for industry and outline how mainstreaming of industrial competitiveness has been and is being applied. The strategic approach should include an action plan as well as concrete measures, analyse the impact on industry of legal measures applied by other EU policies and be integrated into the Commission's Work Programme for 2018.

European industry operates amidst the evolution of a changing climate, a changing demographic setting, a digital transformation of our economy, and of protectionist tendencies currently being displayed by a number of important trading partners. It is therefore high time for us to work together and devise a new strategy for the future of European industry building on its strengths and turning today's challenges into opportunities.