

Concept Paper – A new step for European Industrial Policy

May 2013

Executive Summary

In view of the coming debates at the European Council about industrial policy, with a culminating point at the February 2014 Council, Belgium wishes to put forward some ideas and proposals aiming at consolidating a shared, strong, ambitious and proactive Industrial policy in Europe as a core piece of the EU recovery strategy. Belgium is available to engage in a thorough discussion and collaboration with EU institutions and other Member States and Regional authorities to build further on those ideas and put in place and implement an ambitious agenda for reindustrialization of EU economy.

Building on the Commission's recent industrial policy communications, Europe must re-found a real and common European Industrial Policy, based on shared objectives, activation of **all relevant policy levers and efficient multi-level governance**. This should constitute a **strong cooperation framework between European Institutions, Members States and Regions, allowing the combination of an approach based on strategic European priorities and a bottom-up approach based on smart specialization strategies at the regional /national level giving place to the necessary entrepreneurial discovery process**. Those should be articulated in an efficient way – notably through a **strong European Clustering policy** – as to accomplish decisive breakthroughs in the creation of new growth markets, allowing an effective transition of EU industrial activities.

Our **shared objective** is to promote in a long term perspective a strong, diversified and competitive industrial base in Europe offering growth and quality jobs while grasping the industrial opportunities of becoming less carbon and resource intensive. This should be the path to reindustrialization of EU. This objective should be embedded in all relevant EU, national and regional policies with a view to give life to a coherent industrial policy and enhance the local impact of the European Industrial Strategy thanks to the proximity of the regional policies. This industrial policy should be based on a **smart combination of different policy levers** and must be translated into **common roadmaps**.

On the road to the European Council of February 2014, the Competitiveness Council can contribute to build **an ambitious industry growth agenda** aiming at bundling resources on a European and multi-level scale (EU, Member States, Regions and Industry) and pave the way towards the reindustrialization objective. The following ten proposals could constitute the framework for this agenda with a focus on a European **Industrial Growth Initiative** to boost investments in priority areas, needed for ensuring long term competitiveness of the EU industrial base.

10 OPERATIONAL PROPOSALS FOR A EUROPEAN INDUSTRIAL GROWTH AGENDA

Review and development of key EU policies to meet the shared objective of industrial competitiveness

1. Develop a **coordinated approach of industrial competitiveness through all relevant EU policies**, including **competition, trade, internal market, energy, cohesion, environment and climate, education and training, employment, tax policies,...**
2. In particular, overhaul of the present approach of the **modernization of State Aid Policy**, by putting a stronger focus on the answer to industrial competitiveness challenges, and giving a long term investment perspective to the markets.
3. Develop a **strong European Clustering policy** that connects the different regional clusters into **cross-European world-class clusters**, allowing to build a European approach to smart specialization.
4. Further develop new concrete policy responses and tools as regards **business-related services, new business models, cultural and creative industries, innovation in services, non technological innovation and demand-side innovation policies**. **Financing of the go-to-the market phase** should also receive more emphasis.
5. Development by the European Commission of **new analysis tools of European industrial value chains** within the global competition, including dynamic and prospective dimensions.
6. Develop adequate **governance and coordination mechanisms of EU instruments**, and making sure that work programs are built as concrete answers to industrial challenges.,

Development of an adequate multi-level governance framework between European Institutions, Member States and Regions

7. Establishment of a **more systematic and structured dialogue between EU Institutions, Member States and Regions, industries and social partners**.
8. Develop the **Task Forces** launched for the implementation of priority roadmaps and projects on the basis of a **multi-level approach** (EU, Member States, Regions, Industry) and foster effective policy coordination, as well as **fluid information flows**, allowing the combination of an approach based on strategic European priorities and a bottom-up approach based on smart specialization strategies and entrepreneurial discovery processes at the regional /national level. This has to be geared to **action and investment boost for a European industrial growth initiative**.

To ensure a coordinated and coherent approach, a **transversal Task Force**, associating Commission's relevant DG and Member States could also be created.

9. Building on the tools proposed above, the Competitiveness Council should prepare a **comprehensive industrial growth initiative** that is built around common roadmaps for boosting investment in the six priority action domains allowing paving the way towards the 20% objective. This should generate a shared political commitment and could lead to the development of a **single European "voice"** to oppose to global industrial players and competitors.
10. This requires reinforcing the **role of the Competitiveness Council** and a reshaping of the **functioning of the Competitiveness Council** with a view to manage industrial competitiveness and innovation matters in a holistic way. Furthermore, the role and functioning of the Competitiveness and growth High Level Group should also be reviewed in that perspective.