



European Commission

Enterprise and Industry
Directorate General

Screening of Chapter 20

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Enterprise and Industry policy principles

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Competitiveness

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INTRODUCTION - A competitiveness policy?

- **Competitiveness/Industrial policy**
- **Policy papers and accompanying reports, based on economic analysis**
- **To feed the Council and public debate on competitiveness & influence other policies**
- **Create a common language, a common understanding of the issues, a common policy approach.**

INTRODUCTION - A competitiveness policy? - 2

- **The main problem: delivery and how to make sure it happens**
- Communications/resolutions/other policies
- Benchmarking, best practice, monitoring and reporting, QTs, peer reviews
- **Lisbon strategy: the same debate at a higher and more general level**
- Even there, delivery the main problem

At the beginning: the 1990 Communication

- **The 1990 Communication achieved consensus on a new approach to IP:**
- Clear division of roles between businesses and public authorities
- Abandonment of protective and defensive sectoral approaches
- Complementarity of other policies
- **And made possible the inclusion of industrial policy in the Treaty of the EU.**

The Treaty: TITLE XVI – INDUSTRY

(Article 157)

• **The Community and the Member States shall ensure that the conditions necessary for the competitiveness of the Community's industry exist. For that purpose ... their action shall be aimed at:**

- speeding up the adjustment of industry to structural changes,
- encouraging an environment favourable to initiative and to the development of undertakings ..., particularly SMEs,
- ...
- fostering better exploitation of the industrial potential of policies of innovation, research and technological development.

The Treaty: TITLE XVI – INDUSTRY

(Article 157) *continued*

2. The Member States shall **consult** each other in liaison with the Commission and, where necessary, shall **coordinate** their action. The Commission may take any useful initiative to promote such coordination.
3. The Community shall contribute to the achievement of the objectives set out in paragraph 1 through the policies and activities it pursues under **other** provisions of this Treaty. The Council, acting in accordance with the procedure referred to in Article 251..., may decide on specific measures **in support** of action taken in the Member States to achieve the objectives set out in paragraph 1.

The policy papers

1. 1994 Commission Communication: An industrial competitiveness policy for the EU *(COM(1994)319 final, 14.09.1994)*

- **New challenges:**
 - Persistent unemployment
 - Emergence of new technologies
 - Environmental sustainability
 - Stepped-up competition, exchange rate fluctuations
 - Deregulation and privatisation
- **New lines of action:**
 - Promote intangible investment (vocational training, FPs, IPR)
 - Develop industrial cooperation (RTs, networks, facilitate FDI, international cooperation schemes)
 - Ensure fair competition (state aid, network industries, commercial policy instruments...)
 - Role of public authorities (simplification, deregulation, networks)

The policy papers: a dedicated instrument

- 2. Council Decision 96/413/EC of 25.06.1996 on the implementation of a Community action programme to strengthen the competitiveness of European industry:**
 - Implementing the 1994 Communication
 - Legal basis for financing a number of actions and activities, incl. Competitiveness Report
 - To be replaced by CIP.

The policy papers - 3

3. **Commission Communication on Benchmarking the Competitiveness of European Industry** *(COM(1996)463 final, 19.10.1996):*

- EU/US/Japan comparison based on performance indicators
- Discussion of main determinants of performance
- Presentation of benchmarking as a tool for enterprises and industries
- Conclusion on need to benchmark framework conditions (and thus policies)

The policy papers - 4

4. Commission Communication on: Benchmarking – Implementation of an instrument available to economic actors and public authorities *(COM(1997)153*

final, 16.04.1997

- Setting up the principles and launching of a number of pilot projects
- Generalisation of the approach under MAP
- Scoreboards
- Lisbon Strategy: OMCs and structural indicators
- Research, eEurope, social policy, education...

The policy papers - 5

- 5. The European Competitiveness reports**
 - Approach to competitiveness: the capacity of an economy to sustain a high and rising standard of living for the population as a whole, associated with high levels of productivity and rates of employment, as well as environmental sustainability.**
- 6. The Enterprise policy Scoreboards**

The policy papers - 6

7. **Commission Communication on the competitiveness of European enterprises in the face of globalisation: how it can be encouraged**

(COM(1998) 718 final, 20.01.1999)

- **A discussion paper on new forms of competition, where the EU stands and how to address the challenges**
- **Diagnosis:**
 - **Competitiveness of businesses: absence from high growth segments, not enough business services, outsourcing, M&A, investment**
 - **Lack of entrepreneurial dynamism: risk aversion, financing**
 - **Wrong specialisation, not enough ICT use**
 - **Lack of R&D**
- **Start a debate for a new industrial policy, review existing instruments in the new context**

8. Commission Communication:

Productivity: The Key to Competitiveness of European Economies and Enterprises

(COM(2002) 262 final, 21.05.2002)

- A wake-up call to refocus the Lisbon agenda
- Based on analytical evidence on rising gap
- Main message: productivity is the principal source of growth over the long term; of rising wages and living standards and pays for the spending policies

The policy papers - 8

- **Commission Communication: Some key issues in Europe's competitiveness – Towards an integrated approach** COM(2003)704 final, 21.11.2003
- Creation of a Competitiveness Council
- Alert the Council on important issues in its agenda
- Rebalance the approach to sustainable development
- Respond to concerns about de-industrialisation and delocalisation

In conclusion: where do we stand now

- **Since 1990:**
- two enlargements
- Competitiveness gap still growing
- ICT, biotechnology
- Stepped up global competition, new competitors (South-East Asia, China and India, Brazil)
- The demographic challenge
- **The renewed Lisbon strategy: the microeconomic pillar and Guideline N°10**