



European Commission

Enterprise and Industry  
Directorate General

# Screening of Chapter 20

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## Enterprise and Industry policy principles

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### Industrial Policy

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# Historical Context

- Internal Market programme
- Failure of national defensive industrial policies
- First Communication Com(1990) 556
- Introduction of an article referring to the industry to the Treaty of European Community (art.130 now art. 157)

# Treaty article

- Main aim of policy: competitiveness of industry
- Focus on: structural change, entrepreneurship and SME's, co-operation between firms, and research and innovation
- No strong instruments – use of other policies
- Formal prohibition to use to distort competition, affect taxes or employees rights

# Current industrial policy

- Back on the political agenda in 2002 (COM(2002) 714)
- Provides an analysis of state of the industry
- Bases on the principles established in 1990

Main principles of the policy:

- Positive (not defensive) – keep-up with structural change
- Open (internally and externally)
- Horizontal, but looking at sectoral needs (necessity of sectoral analysis)
- Subsidiary
- Consultation with industry

## Beginning – COM(1990) 556 - 2

- Industrial policy achieved on three levels:
- Ensure favourable broad conditions
- Provide a catalyst for change
- Use specific instruments to accelerate change

General conditions need to be good, in particular for industry this needs to be promoted:

- Innovation, knowledge and research
- Entrepreneurship
- Sustainable development

- Framework conditions
- Integration of policies affecting industrial competitiveness
- Addressing needs of new Member States
- Improving global governance
- Providing detailed sectoral analysis



# Discussion of the policy: Council and EP response to Com(2002) 714

- Broadly confirm commissions approach
- Council draws attention to: Lisbon agenda, coherence of policies, SME's, Better Regulation, Research and Innovation, transposition of IM directives, continuation of competition policy, analysis of sectors
- Parliament puts more focus to delocalisation, taxation for SME's and firms in general, and big European technological projects

## Com(2004) 274 – analysis

- Provides analysis of delocalisation and enlargement related issues
- Screening of contributions of different policies to industrial competitiveness

# Com(2004) 274 – policy solutions

1. Better Regulation
2. More coherent set of policies in areas of:
  - Knowledge
  - Development of the Internal Market
  - Cohesion policies to support change
  - Sustainable development
  - International trade and economic co-operation
3. Tailor sectoral application of horizontal policies

## Discussion of the policy: EP resolution on COM(2004) 274

- Broadly supports Commission's proposals, however:
- More focus on delocalisation
- Willingness to see European champions to emerge
- Is not in favour of elimination of regional aids to large enterprises
- Asks the improvement of the IPR system

# COM(2005) 474 – identification of sectoral challenges

- General analysis of the situation of the industry
- An analysis of individual sectors show different importance of policy contributions for different sectors; analysis in six areas:
- 1. Single Market; 2. Knowledge; 3. Better regulation; 4. Coherence of Competitiveness, Energy and Environment policies; 5. participation in global markets; 6. support to structural change

## COM(2005) 474 – policy solutions

- To answer to the different priority challenges it puts forward a number of horizontal and sectoral initiatives
- Seven horizontal initiatives that develop previous policy lines; new more focus on IPR and the influence of Environment policy on industry performance
- Seven sectoral initiatives to tailor horizontal policy tools to the needs of sectors; continuous analysis of sectors

# Conclusions

- Horizontal policy, but with sectoral applications
- Coordination needs: use of other policies and sharing of competences between the EU and Member States
- General principles maintained, some modifications coming due to changing circumstances
- Now fully include in the Lisbon Process – Integrated Guideline 10