

## **The Commission puts industry centre stage and reinforces competitiveness in an enlarged European Union**

*After relaunching of the debate on the role of industrial policy in December 2002, the European Commission sketches the contours of an industrial policy for an enlarged European Union in a Communication adopted today. This responds to the concerns raised by the European Council and also responds to concerns about the risk of deindustrialisation and how we can anticipate and address on-going structural changes within European industry. The Commission calls for action in three areas: a better regulatory environment for business, including action to avoid over-regulation at EU or national level, better mobilising all EU policy to boost competitiveness – particularly through action in areas like research, training, competition rules and regional aid, and working with individual sectors to develop policies responses which match specific needs, move up the value chain, anticipate and accompany structural transformations. Action in these areas will be implemented in the context of new financial perspectives up to 2013, which place particular emphasis on competitiveness. Finally, this Communication also provides a point of departure. Its analysis and recommendations will be important for the on-going review of the Lisbon strategy and the work of the high level group looking at Lisbon chaired by Wim Kok. A further Communication adopted today stresses that a pro-active competition policy is a key element of a coherent and integrated policy to foster the competitiveness of Europe's industries. It sets out how the Commission intends to take forward its new pro-active approach to competition on the eve of enlargement.*

“A year and half ago we relaunched the debate on the role of industry and how EU policy can help” said Erkki Liikanen, European Commissioner for Enterprise and the Information Society. “Today we are setting out the steps needed to allow industry to achieve its full potential in an enlarged European Union. It must continue to be a motor for jobs, innovation and growth. We need to make sure that all our policies are working to support competitiveness and we need to be more aware of the cumulative effects of piling up regulation on businesses. We have also looked at the concerns raised about deindustrialisation. This is not yet a major problem in the Union and the steps we are launching today should make sure it not a problem in the future.”

“Pro-active competition policy means that the Commission streamlines its regulatory proceedings. We have already facilitated pan-European merger approvals in an enlarged Union. We have now embarked on cutting down the administrative red tape still involved in State aid control”, stated Competition Commissioner Mario Monti.

## **An industrial policy for an enlarged European Union**

European industry on the eve of enlargement has many strengths, but is also underperforming in key areas of productivity, innovation and research spending. While there is no general phenomenon of deindustrialisation and most industrial sectors are actually witnessing increased production, there is an on-going process of restructuring in Europe. This involves a shift in resources and jobs towards activities with high “knowledge” content. This process brings benefits, but can prove painful as the costs sometimes fall on specific sectors or regions, while the benefits are spread more widely. Moreover, competition from third countries, such as China or India, is a further factor in this transition process.

Enlargement too is important in this context. It offers European industry important opportunities in terms of investment, skills and new markets, but these can only be seized if the process of restructuring is not blocked by artificial barriers. Moreover, enlargement may help in some cases to maintain production in the EU, which might otherwise have moved to Asia. It will also boost competitiveness by allowing businesses to re-organise their activities between existing and new Member States, so that they benefit from the competitiveness strengths and advantages of different parts of the Union. Our neighbourhood policy can also play a role by extending the reach of the internal market to neighbouring countries.

All this highlights the importance of anticipating these changes, and pursuing the policies needed to support them. Action at an EU level should, in particular, focus in three areas:

- *Improving the regulatory environment.* The Commission is moving forward with its “Better Lawmaking” Action Plan, while looking out for ways of improving its approach. This includes taking better account of the “competitiveness” dimension in assessing the impact of its proposals and providing a better assessment of the cumulative impact of regulation on specific industries.
- *Better mobilising different Community policies so they can work together to support competitiveness.* The accent should be on policies which can strengthen the take up and use of knowledge, boost productivity and help companies to innovate. This covers, in particular, innovation, research, internal market, trade, employment, training and regional development.
- *Ensuring the impact of a European industrial policy in specific sectors involving stakeholders.* This means building on the progress already achieved in pharmaceuticals, aerospace, shipbuilding, business services and textiles. This approach should be extended to new areas such as the automotive sector or other forms of manufacturing.

## **A proactive competition policy**

The Communication describes the contribution to competitiveness made by the full range of competition policy instruments, i.e. antitrust, merger control, liberalisation and State aid control. It seeks to pursue a proactive approach which means:

- an improvement of the regulatory framework for competition which facilitates business activity, wide dissemination of knowledge and efficient economic restructuring;
- an enforcement practice which actively removes barriers to entry and impediments to effective competition that most seriously harm competition in the internal market.

The Communication summarises the recent and ongoing comprehensive reform of EU competition law and shows how a pro-active enforcement practice contributes with streamlined procedures and a more economic approach to removing administrative burdens from business, in particular small and medium-sized enterprises, and to allowing the Commission to free resources in order to focus on the most serious and damaging competition problems, notably cartels, competition in liberalised utility sectors, liberal professions and financial services. It also describes the specific contribution of State aid policy to competitiveness.

Also, in conducting its State aid policy the Commission is taking an economic approach. Since the late 1990s the Commission has increasingly re-oriented its State aid policy toward cases and issues of real significance for the internal market and EU industry, i.e., to instances where the Commission can really make a difference or bring added value. On the other hand, it has tried not to be burdened down with issues and cases where this is not the case.

The Communication can be found at:

[http://europa.eu.int/comm/enterprise/enterprise\\_policy/industry/2004communication.htm](http://europa.eu.int/comm/enterprise/enterprise_policy/industry/2004communication.htm)