

A new industrial policy: creating the conditions for manufacturing to thrive

In the face of globalisation and intense international competition, the European Commission has today launched a new, more integrated industrial policy to create better framework conditions for manufacturing industries in the coming years. The manufacturing industry matters to the EU. It employs over 34 million people, it accounts for three quarters of EU exports and over 80% of EU private sector R&D expenditure. The new EU industrial policy will complement work at Member State level to support a strong and dynamic industrial base. It includes seven new cross-sectoral initiatives – on competitiveness, energy and the environment, on intellectual property rights, on better regulation, on industrial research and innovation, on market access, on skills, and on managing structural change - which will benefit a wide range of industry sectors. In addition, the Commission brings forward seven new initiatives targeted at specific sectors, such as pharmaceuticals, defense and information and communication technologies. It focuses also on investment in skills and equipping people for change. This industrial policy aims to support adaptability and structural change to boost the competitiveness of EU manufacturing, especially in the light of increasingly strong competition from China and Asia. This is an important step in the delivery of the new Lisbon “Partnership for Growth and Jobs”. For more details, see [MEMO/05/352](#).

Commission Vice-President Günter Verheugen responsible for enterprise and industry policy said: “Manufacturing has a vital role to play in securing Europe’s future prosperity. There is no way back to the old days of protectionism and subsidies. Politicians don’t create jobs. But we can create the right framework for industry to thrive. Today’s strategy includes a range of new, tailor-made initiatives to make our industries attractive for investment and job creation.”

The Commission examined the policy challenges posed by different sectors through a systematic screening of and the policy challenges for 27 sectors of EU manufacturing industry and construction.

To address these challenges the Commission proposes a range of **new initiatives**:

I) Seven new, major cross-sectoral policy initiatives¹:

- 1. An **intellectual property rights and counterfeiting** initiative (start in 2006)
- 2. A High Level Group on **competitiveness, energy and the environment** (start by end 2005)
- 3. **External aspects of competitiveness and market access** (Spring 2006)
- 4. New legislative **simplification programme** (October 2005)
- 5. Improving **sectoral skills** (2006)
- 6. **Managing structural change** in manufacturing (End 2005)
- 7. An integrated European approach to **industrial research and innovation** (End 2005)

II) Seven new, sector-specific initiatives or actions:

- 1. Setting up of a new **pharmaceuticals forum** (first meeting in 2006)
- 2. Mid-term review of life sciences and **biotechnology strategy** (2006-2007)
- 3. New High-Level Groups on the **chemicals industry** and the **defence industry** (2007)
- 4. European **Space Programme**
- 5. Task force on the competitiveness of **information and communication technologies (ICT)** (2005/2006)
- 6. **Mechanical engineering policy dialogue** (2005/2006)
- 7. A series of **competitiveness studies**, including for the ICT, food, and fashion and design industries.

By launching this new industry policy the Commission stands by its commitment to contribute to a **strong industrial base**. To achieve this, it will take the necessary actions to improve the framework conditions for manufacturing industry and to ensure the consistency of various policy areas. The Commission underlines the importance of coherence and synergies between different policies focusing especially on better regulation as an important tool to increase competitiveness of European industry.

The Commission's new approach will provide **increased coherence and integration** between policies to ensure a more **powerful effect on competitiveness**. The Commission will attempt to achieve a greater consensus over policy, by involving key stakeholders, social partners and Member States, at an early stage in policy making. The initiatives are intended to complement work at Member state level to help address the key challenges faced by the various sectors of manufacturing industry.

The majority of individual EU manufacturing sectors have performed well in comparison with their counterparts in other industrialised economies. Nevertheless, the industrial structure of the EU economy as a whole makes it less than ideally positioned to face the ongoing globalisation process.

¹ The implementation of the proposed cross-sector initiatives will be subject to separate Commission decisions. This includes the mandate for the High Level Group on Competitiveness, Energy and the Environment which will be co-chaired by the Commissioners concerned.

EU trade is still concentrated in sectors with medium-high technologies and low to intermediate labour skills. This exposes the EU to competition from producers in emerging economies. Hence, adaptability and structural change are critically needed if the EU is to maximise the gains arising from the integration in the world economy of China, India and other fast growing economies.

The full text of the new industry policy is available at:

http://europa.eu.int/comm/enterprise/enterprise_policy/industry/index_en.htm