Outline

- Evolution of industrial policy over the last thirty years

- European industrial policy today
  - Why an industrial policy?
  - What kind of industrial policy?
  - Implementation, core areas for action, upcoming initiatives
“Ancient “ European Industry Policy - before 1986

• **1960s and 70s** - Active role of the public sector in the economy (e.g. ENI)

• **1970s** - Restructuring of mature sectors


• Not clear international dimension
European Industrial Policy - 1994

**Drivers**

- EU industry has improved its competitiveness
- Reduced productivity gap vs the US
- ..but faced *mounting international competition, emergence of information society, continued needs in less developed regions, inadequate European networks, and demand for tangible investments*

**Priorities**

→ European Information Society Action Plan

→ Four horizontal priorities:

1. **PROMOTE INTANGIBLE INVESTMENT**
2. **DEVELOP INDUSTRIAL COOPERATION**
3. **ENSURE FAIR COMPETITION**
4. **MODERNISE THE ROLE OF PUBLIC AUTHORITIES**
European Industrial Policy 2004

<table>
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<th>Drivers</th>
<th>Priorities</th>
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<tbody>
<tr>
<td>✓ Increased globalisation lead to concerns over competitiveness</td>
<td>1. <strong>Better EU law-making</strong></td>
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<td>✓ New, fast growing, emerging actors in the world scenario</td>
<td>Combining deeper internal market, with a lower regulatory burden</td>
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<td>✓ Too slow structural change and selective de-localisation</td>
<td>2. <strong>Multi-policy approach</strong></td>
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<tr>
<td>✓ Too weak risk-taking &amp; entrepreneurship</td>
<td>Integrated approach to competitiveness, in 5 areas</td>
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<td>✓ EU enlargement (need to reorganise value chains)</td>
<td>(knowledge, internal market, cohesion, sustainable development)</td>
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European Industrial Policy today

a. Why an industrial policy?

b. What kind of industrial policy?

c. How to implement it?
a. Why an industrial policy?

- **Industry matters!** 80% of private R&D, 75% of exports, an engine for the service sector, employment

- **Improving competitiveness, an urgent need for the EU**

**In the long term**

Relative change in competitiveness compared to US (2004-2014)
a. Why an industrial policy?

• *Improving competitiveness, an urgent need for the EU*

  For the recovery

*Investment is growing very slowly (000 million euros)*  
*Industrial production stagnated in 2014*
b. What kind of industrial policy?

- A consolidated industrial policy for Europe? *An European industrial policy system*
- A sectoral or a horizontal industrial policy? *Activities!*
  - Technology transformation -> *Production fragmentation*  
    *A bundle of goods & services*
  - Greater global integration -> *Specialisation across regions, with different technology and/or labour intensities*
- Not a one-off exercise but continuity, with concrete measures and new initiatives
c. How to implement EU industrial policy?

a) Improved policy making – framework
   - *Embedded industrial competitiveness across policies*
   - *Build a partnership with Member States and Regions*

b) Credible commitment
   - *Use available financial resources*

c) Continuity: roll out implementation in core areas + new initiatives
c. How to implement EU industrial policy? (cont.)

Core areas for action, including new initiatives

1. Ensure access to affordable factors of production
   - Access to finance (COSME, Horizon 2020)
   - Inputs → European Energy Market
   - Human capital → Labour & Labour Mobility Package

2. Ensure integration of firms in global value chains
   - Bilateral & multilateral agreements
   - Cooperation dialogue with third countries in the areas of clusters, raw materials, technological cooperation, standards
c. How to implement EU industrial policy? (cont.)
Core areas for action, including new initiatives

3. Foster investment in innovation & modernisation
   • Digitalisation & modernisation of industry
     → Investment package
     → Digital Single Market

4. Better regulation and growth of SMEs
   • Growth-friendly public administration, e-procurement
     → Internal Market Package
   • International cooperation → active IP for integrating SMEs
# European Industrial Strategy 2015

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<td>✓ The impact of the financial crisis</td>
<td>1. <strong>Ensure Access to Affordable Inputs</strong></td>
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<tr>
<td>✓ Growing competition from emerging countries and advanced economies</td>
<td>2. <strong>Integrate EU Firms in Global Value Chains</strong></td>
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<td>✓ 4&lt;sup&gt;th&lt;/sup&gt; industrial revolution</td>
<td>3. <strong>Modernise the EU Industry</strong></td>
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<tr>
<td>✓ Energy market issues</td>
<td>4. <strong>Improve the Business Environment</strong></td>
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Thank you for your attention!

More information here:

http://ec.europa.eu/growth/industry/policy/eu/index_en.htm