

A New Industrial Policy for Europe

14 October 2013

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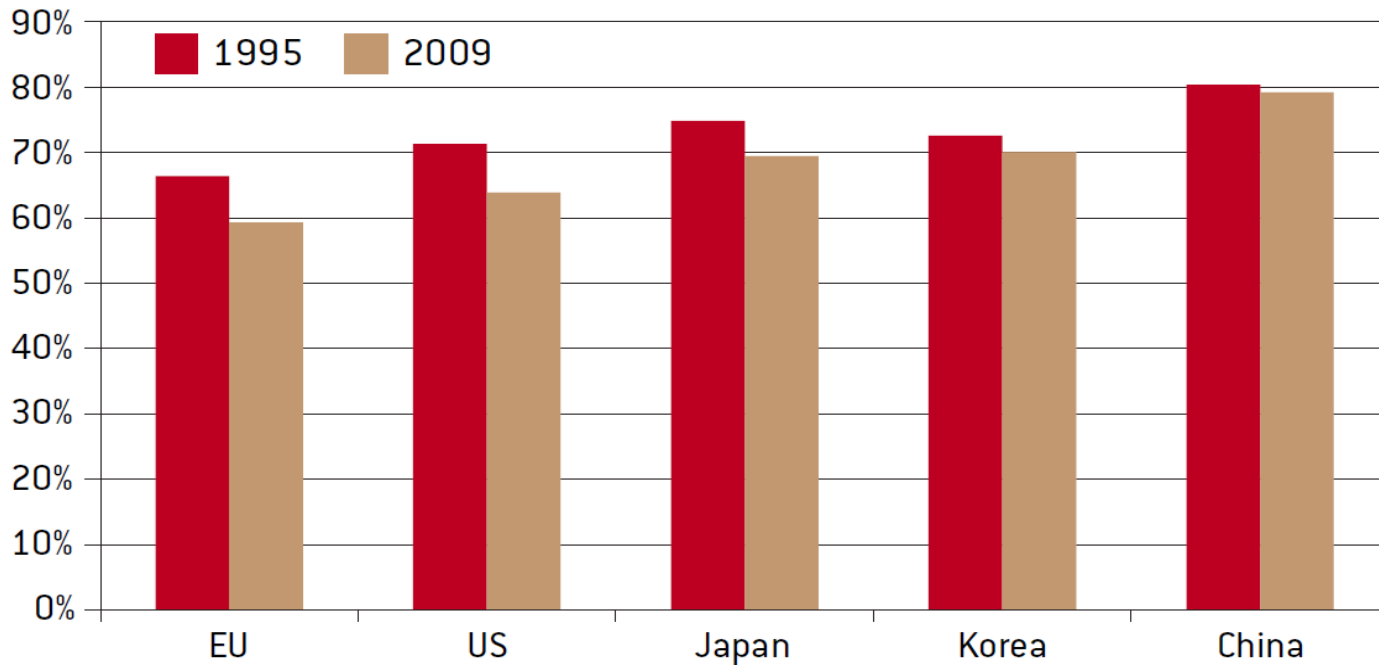
The European Policy Centre (EPC):

- An independent Brussels-based Think Tank committed to make the European integration work;
- 350+ members, comprising a broad range of stakeholders.

The EPC Task Force ‘A new Industrial Policy for Europe’:

- Calendar: June 2013 - End 2014;
- Composition: A good balance of high-level experts coming from different constituencies;
- Structure: A series of Task Force meetings combined with in-house research;
- Objective: To develop a strategic vision for the future of industrial policy in Europe by identifying key priority actions for the EU and its Member States;
- Outcome: A publication with key policy-recommendations presented at a high-level conference.

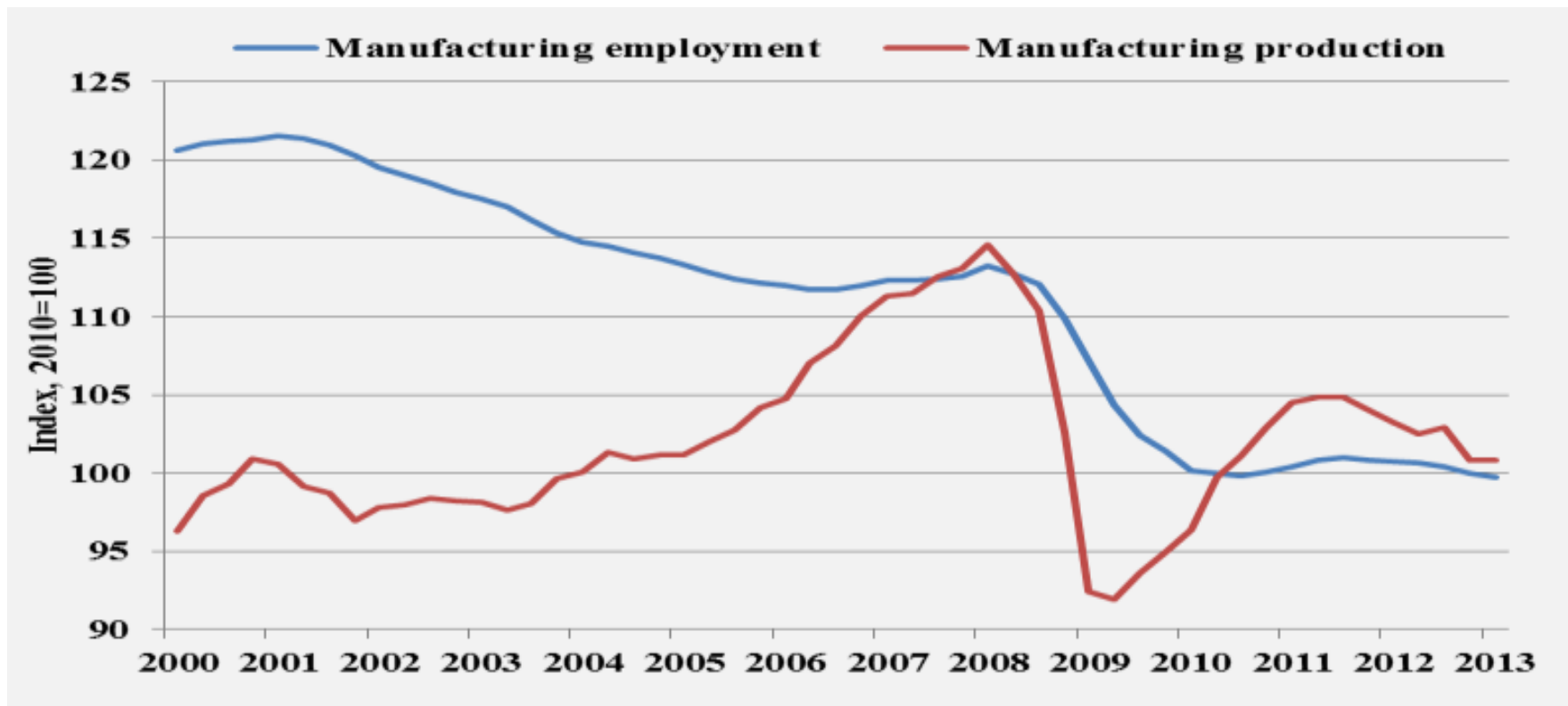
Share of manufacturing in total trade (gross exports & imports), 1995 and 2009



Source: Bruegel based on OECD TiVA database. Note: EU does not include intra-EU trade.

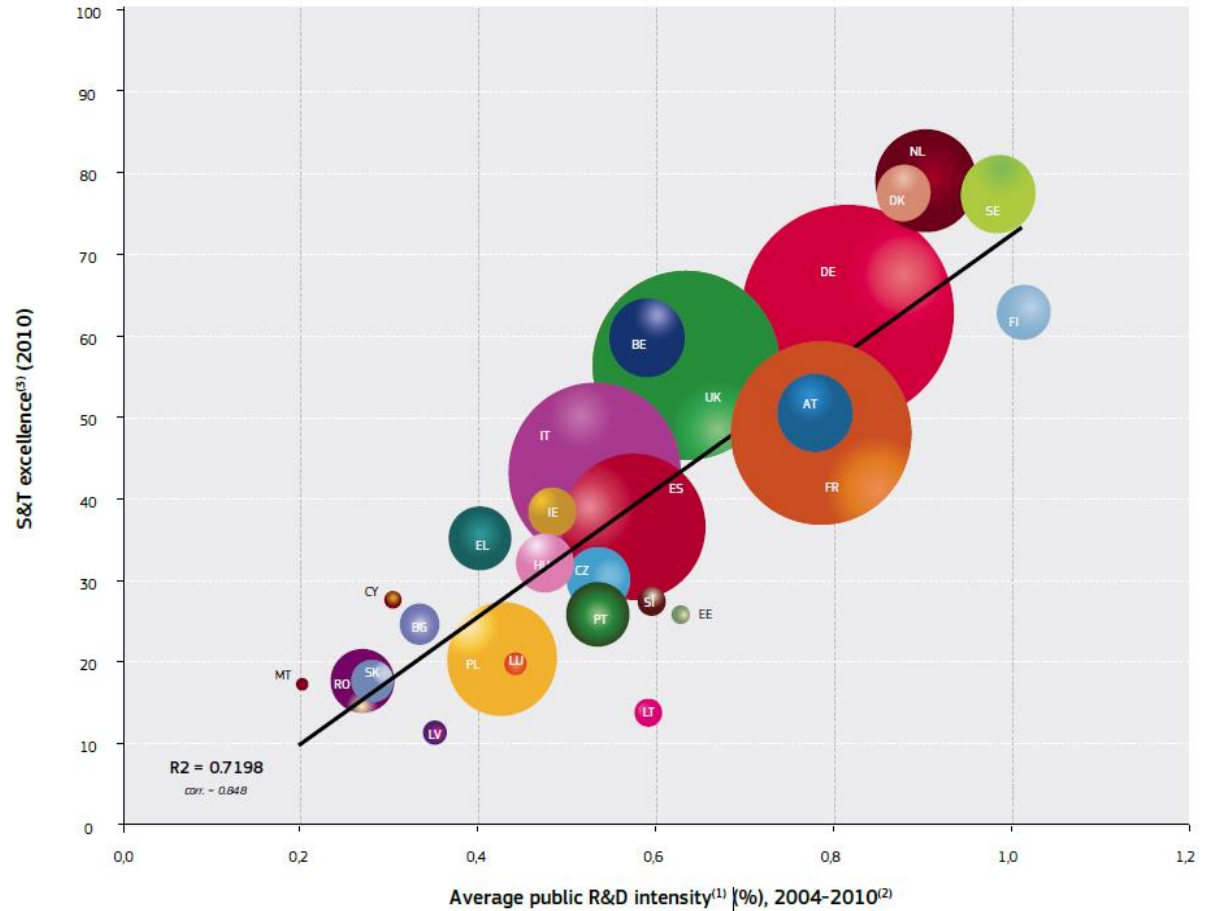
Source: Manufacturing Europe's Future, Reinhilde Veugelers, Bruegel Blueprint Series

Long term crisis in EU manufacturing industries



Source: European Competitiveness Report 2013 - Towards Knowledge Driven Reindustrialisation, EC Enterprise and Industry

Investment and research excellence



Source: State of the Innovation Union 2012, Accelerating Change, DG Research and Innovation

Source: DG Research and Innovation - Economic Analysis unit

Data: Eurostat

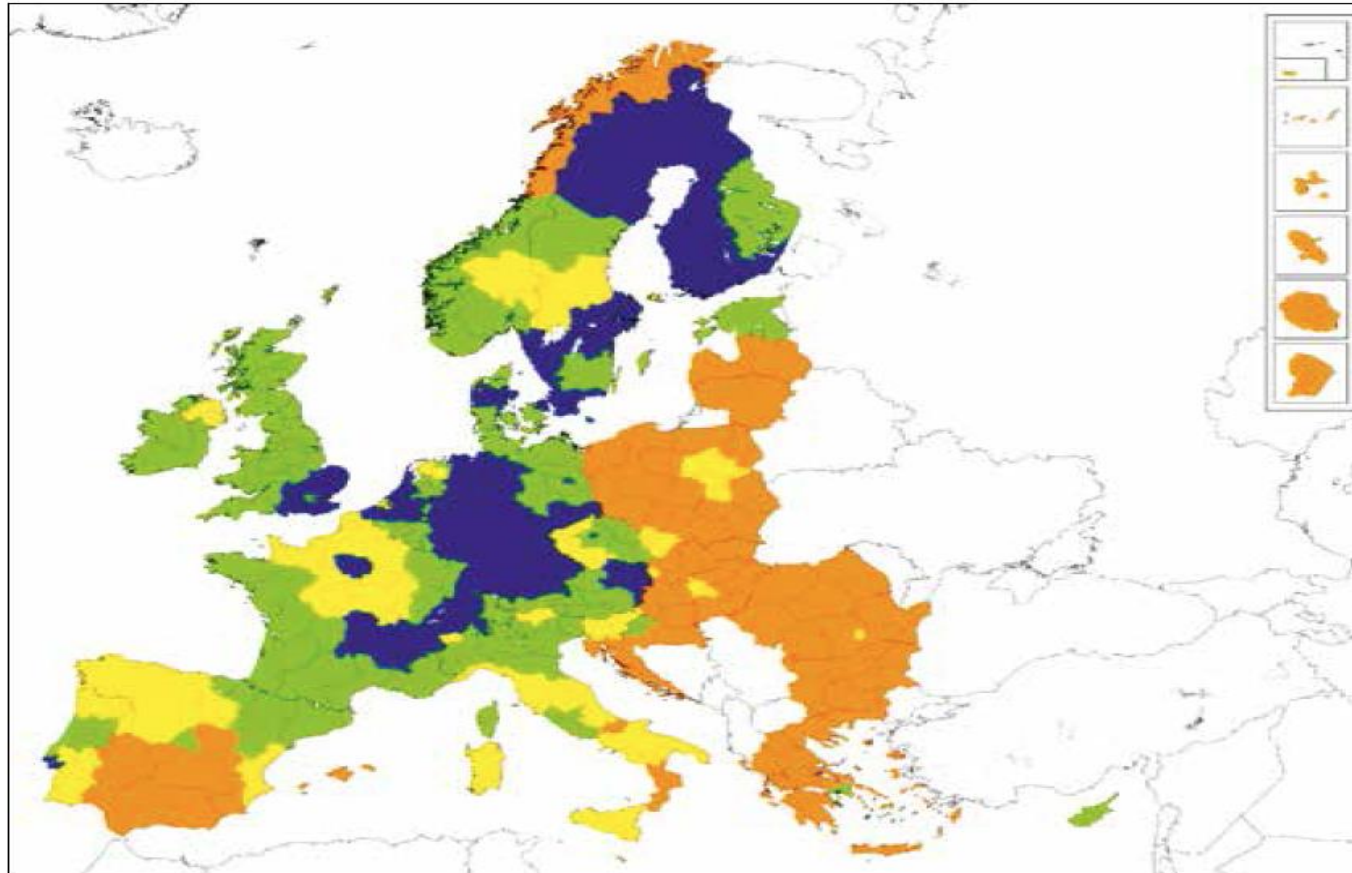
Notes: (1) Average public R&D intensity (public Gross Domestic Expenditure on R&D as % of GDP).

(2) EL: 2004-2007; SE, IT: 2005-2010; DK: 2007-2010, LU: 2009-2010.

(3) Composite indicator on Research excellence (feasibility study of JRC)

Innovation performance in EU regions

Source: Source: Regional Innovation Scoreboard 2012



	INNOVATION LEADER		MODERATE INNOVATOR
	INNOVATION FOLLOWER		MODEST INNOVATOR

Problem identification:

- Loss of competitiveness *vis-à-vis* the rest of the world with a decline in EU manufacturing output/employment and slow recovery;
- Strong divergences across Europe leading to unsustainable imbalances.

How to solve it?

- Recognition of the serious challenge to EU manufacturing;
- Agreement of the objectives of EU-level Industrial Policy at the highest political level;
- Development of concrete instruments to deliver each objective;
- Defining the role of public authorities: what they should do and what they should no longer do;
- Commitment of EU-level funding/programmes.

Five underlying principles for future actions:

- Need for stronger public and private cooperation;
- Create a positive environment for European industries;
- Need for equalising the level playing field across Europe;
- Need for economic diversity based on cooperation across the whole territory;
- Adopt a cross-cutting strategy based on forward-looking policies.

Three main strategic axes:

- Creation of an industrial eco-system;
- Implementation of the right framework conditions;
- Development of a smart governance.

1. Creation of an industrial eco-system where:

- Large companies and SMEs can sustain each other;
- Manufacturing industries and support services are part of the same strategy;
- European performance is based on monitored regional specialisation and smart clusters across sectors and space;
- The EU manufacturing sector is diversified and poles of excellence are spread throughout the whole territory;
- Research institutes operate more closely with the business sector to ensure that research can turn into viable and marketable products

2. Implementation of the right framework conditions:

- Access to finance is equalised across the territory – need to go beyond current measures & to diversify sources of financing (role for private and institutional investors);
- Possibility to combine EU financial instruments with other sources of financing – ensure that innovative financial instruments are adapted to the needs of beneficiaries;
- Resources are accessible and affordable;
- Better anticipation of skills needs of the labour market, better design of education and training systems and investment in people working in declining sectors;
- Targeted investment in innovation across all sectors (e.g. KETs);
- Development of a common external economic strategy.

3. Development of a smart governance model

- Create a mandate for the EU to act, without duplicating the role of Member States;
- Use the New Economic Governance, in particular the European Semester, to monitor progress and bring in coherence at EU level;
- Ensure competition policy is adapted to global competition and state aids are targeted to growing sectors;
- Identification at EU level of declining and growing sectors.
- Move away from subsidising declining sectors to develop an investment strategy for the future.

Three tests for future EU Industrial Policy:

- Will it encourage additional private investment?
- Does it mitigate a specific impact of the crisis?
- Does it take account of the global competitive environment?

Previous works done by the EPC, which will be feeding into the results of the Task Force:

- Public and Private Partnerships:

http://www.epc.eu/documents/uploads/pub_3066_can_public_private_partnerships_lever_investment_to_get_europe_out_of_economic_crisis.pdf

- European Investment Guarantee Scheme:

http://www.epc.eu/pub_details.php?cat_id=4&pub_id=3790

http://www.epc.eu/pub_details.php?cat_id=4&pub_id=3400

- Completing the Single European Labour Market:

http://www.epc.eu/documents/uploads/pub_3529_single_european_labour_market.pdf

Thank you for your attention