



**COUNCIL OF  
THE EUROPEAN UNION**

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Subject: Council Conclusions on the need for a new industrial policy

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Delegations will find attached the Council conclusions on the need for a new industrial policy.

These Conclusions were adopted by the Competitiveness Council at its meeting on 1 March 2010.

THE COUNCIL OF THE EUROPEAN UNION,

1. RECALLING the European Competitiveness Report 2009 of 7 December 2009, which stated that 2008 and 2009 have been marked by the emergence of a serious recession, with decreasing rates of economic activity and a large contraction in employment, and pointed to the risk that it might take two to four years for GDP per capita to regain its former peak level and roughly double that time for employment to recover;
2. RECALLING that the Heads of State and Government of the European Union agreed that Europe should be transformed into a competitive, knowledge-based, inclusive, innovative and eco-efficient economy;
3. RECALLING the Council Conclusions of 7 December 2009 on the transition towards a competitive, innovative and eco-efficient Europe;
4. RECALLING the Council Conclusions on "An integrated approach to a competitive and sustainable industrial policy in the European Union" , acknowledging the serious economic situation in various sectors affected by the current crisis, including the automotive sector, and recognizing that the situation still remains challenging;
5. RECOGNIZES that institutional changes within the EU, the entry into force of the Lisbon Treaty and recent international developments are new elements that are to be considered in defining a new industrial policy, which should maintain continuity with relevant elements of the current industrial strategy;

6. EMPHASIZES that a successful transition to a competitive and eco-efficient economy and the implementation of a sustainable industrial policy should improve competitiveness and turn environmental challenges into business opportunities and high-quality jobs, and that, in this context, emphasis ought to be given to resource and energy efficiency, in particular by the development, deployment and support for a wide take-up of safe and sustainable low greenhouse-gas-emitting technologies, especially renewable energy and energy efficiency;
7. STRESSES that a coordinated and timely exit strategy from the economic crisis is necessary; this strategy should focus on measures contributing to long-term structural reinforcement of the economy; implementing the withdrawal of temporary crisis-related measures may depend on the pace of economic recovery and take full account of the impact on employment; RECALLS that the Temporary Community framework for State Aid measures, which the Commission adopted in December 2008, is a short-term response to the present economic difficulties that will be phased out;
8. REAFFIRMS the importance of an ambitious industrial policy, with a continuing focus on sustainable growth and jobs, not least against the backdrop of the present economic downturn, as the current strategy has created an awareness in the EU that modernisation, industrial transformation and restructuring, innovation, technological excellence and cooperation are necessary to increase competitiveness and achieve a strong, sustainable and balanced growth in a globalising world;
9. HIGHLIGHTS the industrial policy priorities that should contribute to:
  - responding to the opportunities and challenges of globalisation by combining all possible instruments and measures of EU industrial policy (including for example those of the internal market, competition, skills and regional policy, trade and investment, standards and regulatory convergence)
  - a well-defined competitiveness agenda with regard to the free movement of persons, goods, services and capital having due regard to the free movement of knowledge is essential for a coherent delivery of the micro-economic elements of the future strategy for growth and jobs

- creating the best framework conditions and adopting a new competitive and sustainable industrial policy, building on the current integrated approach, in order to improve competitiveness, stimulate growth and jobs, inter alia, by exploiting the potential of the EU cohesion policy and other relevant policies in that respect
- reaffirming the crucial role of small and medium-sized enterprises (SMEs), including micro-enterprises, at the heart of the European economy and the need to ensure adequate access to finance and timely and effectively implement the Small Business Act, having regard to the subsidiarity principle and Member States' different starting positions
- recognizing the strategic importance of information and communication technologies by establishing an ambitious European digital agenda with concrete targets
- transforming Europe into an eco-efficient economy, while bearing in mind both the benefits and the costs of this transition
- strengthening and developing the internal market in order to achieve its full potential
- further developing the external dimension of the internal market with the aim of enhanced trade and investment, based on an explicit agenda subject to evaluation and follow-up
- continuing to develop and implement better regulation principles and to reduce existing and avoid adding further unnecessary administrative burdens
- intensifying and better co-ordinating EU efforts in the areas of research and innovation, including education, skills and the free movement of knowledge; with due regard to the operation of the Knowledge and Innovation Communities (KIC's) of the European Institute of Innovation and Technology (EIT);

10. WELCOMES the commitment by the Commission to a "fresh approach to industrial policy, supporting industry, putting the emphasis on sustainability, innovation and the human skills needed to keep the EU industry competitive in world markets";

11. RECALLS that the Lisbon Treaty encourages the co-ordination of industrial policies, enabling the Commission to take in particular initiatives aiming at the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation";
12. TAKES NOTE OF the outcome of the conference on climate change in Copenhagen and RECOGNIZES the need for a timely implementation of the Energy and Climate Package in order to combat climate change in a cost-effective way, also with a view to increasing the competitiveness of EU industry;
13. STRESSES the role of an integrated, competitive, strong, modern, eco-efficient and diverse industrial base for the European economy that requires stable and predictable framework conditions promoting excellence, innovation, entrepreneurship and sustainability, and the continuing need to strengthen European competitiveness in order to allow Europe to emerge from the present economic downturn and to facilitate the transition to an eco-efficient economy; ACKNOWLEDGES the crucial importance of the industrial and services sectors for growth and employment;
14. STRESSES the need to promote the development of industry and business services by improving legislative and non-legislative framework conditions, removing remaining barriers to the Internal Market, and paving the way to a successful transition to an eco-efficient economy, ensuring that compliance with new requirements in all policy areas does not cause excessive costs to businesses nor overstretch their adjustment capacities. RECOGNIZES the structural changes that industry will have to face in the transition to a safe and sustainable low-carbon, resource-efficient economy, especially in energy- and emission-intensive industries, while bearing in mind the risk of carbon-leakage that is analysed and addressed in the ETS Directive (Directive 2009/29/EC) so that, to preserve the environmental integrity of the EU's policies, in the light of the outcome of the international negotiations and the extent to which these lead to global greenhouse gas reductions, it is possible to consider appropriate measures to be taken in compliance with international trade rules. An ambitious international agreement remains the best way of addressing this issue;

15. STRESSES the importance of restructuring where needed, while ensuring that industry carries this out in a socially responsible way. Industry itself is primarily responsible for restructuring, but the challenge of restructuring can be turned into an opportunity if it is managed correctly and carried out in close cooperation with social partners;
16. ENCOURAGES the Commission and the competent authorities in Member States to work together in order to ensure that the current economic crisis does not lead to a loss of human capital and skills by taking appropriate initiatives to develop and update skills, skills being key elements to the future competitiveness and growth of industry; action is also needed to ensure better matching of skills to jobs across the EU;
17. STRESSES the need to ensure better and undistorted access to raw materials and to promote the world-wide sustainable management of raw materials. To this end, existing barriers to access should be removed, access to EU raw materials deposits should be facilitated and the EU's dependence on primary raw materials should be reduced by promoting resource efficiency, recycling and substitution. Increased and more efficient use of renewable and secondary raw materials, including the EU's own renewable raw materials, is essential; INVITES the Commission, Member States and industry to take further actions with regard to these challenges in line with the Raw Materials Initiative;
18. EMPHASIZES the importance of key enabling technologies for competitiveness and the need to strengthen the industrial and innovation capacity, including by setting up joint programming of key demonstration projects, increasing technology transfer, in particular for SMEs, and improving cooperation across the EU as well as with strategic international partners. Also acknowledges the importance of improving standardisation and strengthening intellectual property regimes, ensuring the availability of appropriate research, higher education and training, as well as improving the framework conditions for the deployment of these technologies, thus helping to address major societal and economic challenges;

19. STRESSES the need for more and more efficient R&D investment in and the commercialization and adoption of low-carbon and clean technologies which are safe and sustainable, as well as the need to keep implementing and strengthening a sustainable energy- and resource-efficient product policy through eco-design and taking into account the principles of smart regulation, including a life-cycle approach; NOTES the achievements and results of the Environmental Technologies Action Plan (ETAP) 2004 and looks forward to the elaboration of a new ETAP that is closely integrated with the new industrial policy;
20. LOOKS FORWARD TO the Commission's proposal for a business-oriented European Research and Innovation Plan that should complement national innovation strategies and have sufficient scope to address major societal and economic challenges, such as climate change, sustainability issues, health and the challenges related to the ageing of the population, as well as enhancing EU competitiveness in the new industries and technologies of the future, including rapid commercialisation of R&D results. In this respect, tools and initiatives with a strong potential, such as lead markets, clusters and pre-commercial public procurement following assessment, better access to finance in particular for SMEs by a great mobilisation of venture capital instruments, standardisation, state aid guidelines for innovation, intellectual property rights and fostering technology transfer should be promoted;
21. STRESSES that Europe should remain open to its trading partners and should continue to press for open access to third markets, including through multilateral and bilateral agreements, the promotion of regulatory cooperation and convergence, and the worldwide introduction of international standards, which should lead to reciprocal benefits;
22. CALLS ON the Commission to pursue an integrated approach to industrial policy based on horizontal and sectoral initiatives to take account of differing circumstances in the various sectors of industry and that ensures a closer co-ordination of Member States' industrial and technology policies. Also calls on the Commission and Member States to work towards implementation of the Small Business Act and the SBA Action Plan as a key element for competitiveness, growth and jobs;

23. INVITES the Commission to come forward with an action plan for clean and energy-efficient vehicles (including the growing role of fully electric cars and plug in hybrids) that will
- a) encourage the development of the necessary infrastructure in Europe for new mobility technologies, in particular for battery recharging
  - b) stress the importance of RTD and innovation for further improving the technological performance and attractiveness of clean and energy-efficient vehicles to the consumer, such as battery improvement
  - c) pay particular attention to ensuring a comprehensive single market and develop normalisation and standardisation in the field of clean and energy-efficient vehicles, in particular in the area of vehicles safety, and to promote relevant actions in response to interfaces between vehicles and network's infrastructures
  - d) promote measures to encourage the global competitiveness of the European clean and energy-efficient vehicle industry;

WELCOMES the efforts already undertaken by Member States with regard to the issues mentioned above and ENCOURAGES the work on improving grids, especially smart grids, and the use of safe and sustainable sources of energy, including renewables, for the implementation of agreed energy policy objectives;

24. INVITES the Commission to present a communication on industrial policy before the end of 2010 setting out a comprehensive new agenda for industrial policy, following consultation of interested parties;
25. EMPHASIZES the necessary involvement of the Competitiveness Council in the new European strategy for growth and jobs in the policy areas under its competence.