



Council of the
European Union

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NOTE

From:	Presidency
To:	Permanent Representatives Committee/Council
Subject:	<i>Preparation of the Competitiveness Council on 29 May 2017</i> The Future of the European Union Industry Policy - Exchange of views

1. The European Union is one of the most economically advanced economies in the world and it is also known for its unity, cooperation and common values. The rapid pace of globalisation and technological change are posing challenges for the European Union and its Member States.
2. The Union needs to do more to restore its global competitiveness and maintain its prosperity. Europe's recovery remains slow and high levels of unemployment persist. Furthermore, Europe's investment and productivity growth are also shrinking. Therefore, both the public and private sectors need to come up with new reforms to increase market flexibility, support digitisation and innovation, remove administrative and regulatory barriers, and improve conditions for investment.

3. The Union does not suffer from a lack of ideas although some parts of the EU are more innovative than others. Union policy should strive to facilitate the transfer of know-how to assist the less innovative parts of the Union to accelerate and reach the levels of other more successful parts. Innovation and entrepreneurship accompanied by a well-integrated market for goods and services, human capital and access to finance are the key drivers and enablers for a competitive Europe.
4. European enterprises tend to be more static when compared to for example US companies which demonstrate greater dynamism. Dynamism facilitates the entry of new firms in the economy and the transformation of existing ones. Start-ups and young entrepreneurs are vital for competitive and inclusive economies because they provide new, innovative ideas, products, services and processes. Although several Member States have shown success in relation to start-ups, there are still many European enterprises struggling to scale up mainly due to limited access to finance and different framework conditions. Regarding access to finance, Europe is still facing problems in establishing alternative sources of financing through venture capital and crowdfunding.
5. There is a clear message from stakeholders that Europe needs a strong and competitive industry to ensure sustainable growth as well as economic and employment recovery and to develop a pro-active EU policy for backing industrial dynamism in Europe. New impetus is needed to foster investment, to ensure well-functioning labour markets as well as a skilled workforce, to promote worldwide market access while using effective trade defence instruments, to increase support for digitalisation, to match energy and climate policies with competitiveness and to embrace the innovation principle.

6. European industry is seeking for solutions to address global competition and complex, interconnected value chains. A structured industrial dialogue at EU level is needed to take stock of what has been done so far, what brings results on the ground, or not, and what needs to be changed or initiated. Certainly, European industry needs the right framework conditions and a stable environment to be innovative and competitive, and to be able to tackle societal challenges. A holistic EU industrial policy strategy should be put in place to achieve this, as requested in the draft Council conclusions on "A future EU industrial policy strategy".

Questions for policy debate

1. *What are the main policy initiatives that Member States would like the Commission to focus on in the holistic EU industrial policy strategy requested in the draft Council conclusions?*
2. *What are the elements currently missing in the EU's and the Member States' industrial policy?*