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From: Presidency
To: Permanent Representatives Committee/Council

Subject: *Preparation of the Competitiveness Council on 30 November and
1 December 2017*
EU industrial strategy for the future
a) Presidency report

Delegations will find attached a report from the Presidency to the Competitiveness Council on "The future of the European industry: State of play and perspectives" with a view to the meeting of the Competitiveness Council on 30 November 2017.

THE FUTURE OF THE EUROPEAN INDUSTRY:

STATE OF PLAY AND PERSPECTIVES

PRESIDENCY REPORT

The European industry is world leader in many areas and provides jobs for millions of people. But at the same time, **it is facing challenges in the rapidly changing business and technological environment** and global competition is more intense than ever before. The **competitiveness** of the EU industry **is directly dependent on its ability to continuously adapt and innovate by investing in new technologies, digitalising its industrial base and transitioning to a sustainable low-carbon and circular economy.**

After the European Council¹, the Council², the European Parliament³ and stakeholders⁴ had expressed the need for an ambitious long-term industrial strategy, the Commission presented a Renewed EU Industrial Policy Strategy on 13 September 2017. The communication is an important message to EU industry and a useful first step towards developing a holistic EU industrial strategy. Nevertheless, **it takes only a very cautious attitude on providing long-term strategic approach** and is only providing a comprehensive inventory of those initiatives already undertaken or currently being prepared by the Commission. It also reiterated the objective to raise the contribution of industry to GDP to 20% by 2020, but did not provide new long-term objectives.

¹ Doc. EUCO 8/17, paragraph 15

² Doc. 9760/17

³ <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+MOTION+P8-RC-2017-0440+0+DOC+XML+V0//EN>

⁴ Coalition #Industry4Europe joint declaration: <http://www.unife.org/news/152.html> and position paper: <http://www.unife.org/news/170-for-an-ambitious-eu-industrial-strategy-going-further.html>. BusinessEurope position paper: https://www.businesseurope.eu/sites/buseur/files/media/reports_and_studies/building_a_strong_and_modern_european_industry_-_compressed_for_web_and_sending.pdf

European industry needs a future-oriented long-term policy, for 2030 and beyond, which would take into account the strengths and diversity of the current industrial base across Member States, and capture the opportunities in the megatrends that can be identified already today in the fields of digitalisation, energy and sustainable technologies. That is the reason why **on 30 November 2017 the Competitiveness Council will reiterate its call on the Commission to further develop a comprehensive EU industrial strategy with a focus on 2030 and beyond, including medium to long-term strategic objectives for industry, to be accompanied by an action plan with concrete measures.**

To provide input and new ideas for this long-term strategy the Council's High Level Working Group and the Working Party on Competitiveness and Growth have analysed the communication published by the Commission and **identified elements that should be considered when developing ambitious EU industrial strategy**. In addition to the strategy, EU industrial competitiveness must be considered when developing new legislation in all relevant EU policy fields.

Policy measures, that need attention in long-term can be summarised as follows:

- Completing the single market for goods and services, including Digital Single Market and internal market for energy are the essential preconditions for a prospering industry in Europe.
- Taking the full advantage of digital transformation which is a the heart of fourth industrial revolution, choosing fast-track activities where Europe has advantages and accelerating the diffusion of disruptive technologies and new innovative business models in industrial value networks.
- Leading and promoting modern and rules-based international trade framework that allows the EU industry to participate in global value chains with level-playing field while ensuring that the EU remains an attractive destination for foreign investments.
- Focusing innovation policy and investments from next MFF on changes industry is currently undergoing – digitalization and transformation to sustainable technologies, insuring also better targeting and greater complementarity of funding programmes.
- Implementing EU decisions and commitments made in climate and energy policy in a way that these create new business opportunities for EU industry and give it a competitive advantage globally.
- Further development and implementation of EU Industrial Strategy has to be inclusive and actively engage all stakeholders. Progress of implementation of the strategy has to be regularly monitored in Competitiveness Council and European Council spring meetings, starting from 2018. If necessary, the strategy should be adapted, to respond to evolving conditions faced by industry.

To get an objective picture of the **impact of mainstreaming industrial policy into the EU strategic initiatives taken since the beginning of 2015, the Competitiveness Council on 30 November 2017 will reiterate its request to the Commission from May 2017 for an assessment of this impact. Based on this assessment the Commission should propose how mainstreaming industrial competitiveness could be made more effective.**

Current report is a presidency summary of input provided by member states. The Estonian Presidency invites future Presidencies, but more importantly the Commission Services, to use the proposals provided by Member States as one of the bases to further develop an EU industrial strategy for the long-term perspective. Special attention needs to be given on developing long-term objectives for EU industrial policy, for which discussions in High Level Group of Competitiveness and Growth have started.

A DEEPER AND FAIRER SINGLE MARKET: EMPOWERING PEOPLE AND BUSINESSES

A well-functioning Single Market is one of the essential elements for a prospering industry in Europe. It serves as an enabler and paves the way for a smart, innovative and sustainable industry. As highlighted by the European Council in June and October 2017, future efforts will be needed from the EU and the Member States for deepening, implementing and enforcing the Single Market and the Digital Single Market (DSM) also after the current Single Market and DSM strategies. The greatest focus should be given to:

- **Creating a clear and consistent legal framework:** efforts should be increased to create a legal framework that encourages cross-border trade and provides for legal certainty. The Commission should make use of the tools that foster market integration, remove fragmentation and reduce compliance costs, especially by combining regulatory action and targeted harmonisation with mutual recognition in EU legislation.
- Cross border **trade in services** remains low, despite 10 years of Services Directive. Further efforts are needed to enable SMEs to operate across borders. This means a stronger emphasis on implementation and enforcement and taking necessary additional legislative action where required, keeping in mind the business perspective and taking into account all the relevant requirements associated with expansion of their activities across borders.

- **Smart regulation** as a prerequisite for the successful development of the Single Market: In order to contribute to the competitiveness of the EU, the regulatory environment in Europe needs to be innovation-friendly and future-proof. Smart regulation principles should be followed closely when considering any new regulation or modifications to regulations in force. Any new legislative proposals should be based on comprehensive impact assessments and additional regulatory and administrative burden should be kept to the minimum. Finally, an ex-post evaluation and adaptation of existing legislation (for instance based on the sector-specific cumulative cost assessments as commissioned by the European Commission) should be implemented.
- **The "once only" principle** applied to key **cross-border digital public services** in order to support the industry to fully harness its Single Market freedoms: As identified in the **Tallinn declaration on eGovernment**⁵, the application of this principle should build on the results from pilot projects. Furthermore, **the European Interoperability Framework and the Interoperability Action Plan**, which carry significance for cross-border services within the Single Market, must be implemented by the end of 2021, as called upon by the EU institutions. The move towards a **data-based economy** requires readiness on all levels and the Commission must take that into account in its strategy and set clear medium and long-term objectives.
- **Cumulative cost assessments and fitness checks** have been made, or are still ongoing, by the Commission, especially related to various energy-intensive sectors. Until now, no clear policy actions have been concluded. **The Commission should propose concrete policy recommendations based on those analyses.** In selecting further sectors for cumulative cost assessments and fitness checks, the impact those sectors will have on an effective transition to sustainability and digitalisation should be weighed.

⁵ Signed on 6 October 2017 in Tallinn [https://www.eu2017.ee/sites/default/files/2017-10/Tallinn_eGov_declaration.pdf]

- **Putting in practice the efforts towards Regulatory Fitness:** The aim of REFIT should be to simplify existing procedures, tackle unnecessary cost and eliminate administrative burdens in particular for small and medium-sized enterprises (SMEs), without compromising policy objectives. Thus, legislative proposals should consider the previous enforcement efforts as well as the evidence on shortages gathered so far in order not to harm and burden the industrial base in Europe, while respecting the relevant public interests. The objectives of “lighten the load” should be established as a guideline across the Commission.
- **Consequent application of the “Think Small First” principle,** especially in the regulatory fitness programme: The aim should thereby not be to create numerous exceptions for SMEs, but to systematically evaluate the consequences of regulatory fitness measures for SMEs ex-ante.
- **Establishing clear long-term goals for using SOLVIT in support of the EU industry:** Emphasis should be put on a further improvement of the Single Market by making use of the existing problem-solving tools like SOLVIT. Recurrent and structural problems detected by SOLVIT should be regularly addressed by the Commission and the Member States by taking appropriate action as asked for by the Competitiveness Council in its conclusions of 29 February 2016 and as foreseen by the Action plan to reinforce SOLVIT adopted by the Commission on 2 May 2017. This should improve the functioning of the Single Market and enable companies to fully benefit from it.
- **Ensuring,** through the upcoming market surveillance proposals, **a stringent and uniform enforcement of harmonised product legislation** aimed at achieving full compliance with EU Single Market rules.

- **Certification and standardisation:** Cooperation for standardisation must rely on the initiatives that already exist at a national level and these must be supplemented on the EU level where necessary. This is again a good place for sharing best practices in order to ensure that member states do not double regulation and use excellence where it has already been created. Also, the EU should **stimulate the development of essential standards that support cross-sector digital innovation** (Internet of Things, data technologies, cybersecurity, cloud computing, 5G), and of digital test-beds and experimentation facilities to foster take-up and identify standardisation gaps. Better connect national initiatives and enhance cooperation between standardisation authorities to develop cross-sectorial projects. Companies should be better involved in designing the standards.

Skills and Training

A skilled workforce is at the core of the competitiveness of the European industry. The fast moving globalisation and digital transformation reshapes the industry's skills needs, and thus the requirements for skilled workers, at a very high pace. Working life is becoming more technology-oriented, which calls for both increased cutting-edge expertise and general digital skills. Priority focus should be drawn to:

- **Providing industry with the skills and competences needed to sustain and raise its competitiveness:** Education, lifelong learning, visibility of skills, and the links between labour market and education current and future needs must be placed high on the EU political agenda. EU needs active labour market policies and strategic investments in education to create a sustainable supply of skills that responds well to the needs of the labour market calls for active and effective partnerships between social partners, stakeholders in education and vocational training and employers.

- **Creating opportunities for lifelong learning, mobility between sectors and mobility between the Member States:** The fast-changing requirements for skills call for upskilling opportunities over the course of the entire working life, and possibilities to make use of earlier education and competences in new settings. The national qualifications frameworks contribute to labour market mobility for the benefit of both employers and workers. The European Qualifications Framework (EQF) underpins the mobility of skills across the Member States. The continued implementation of the EQF is called for, as is the implementation of the newly launched initiative *Upskilling Pathways*.

While the EU plays a role in improving the provision of skills to an industry in transformation, the competence of the Member States, the national labour market models and the autonomy of the social partners must be respected.

UPGRADING INDUSTRY FOR THE DIGITAL AGE

Digitalisation is at the heart of the fourth industrial revolution and as such will transform the world as it proceeds. **A successful digital transformation will be one of the required preconditions to secure the competitiveness of European industry and ensure that industry is an engine of future EU growth and employment.** Success will depend on European SMEs and traditional industries commitment to fully exploit the growth and productivity potential that digital transformation provides in comparison with the rest of the world and on our commitment to support and facilitate this. This requires cross-fertilisation between different sectors and players, in particular between the digital sector and all other industrial sectors and cooperation between SMEs, mid-cap and big companies as well as researchers, but also a more coordinated, market-oriented and business-driven policy at the EU level. Digital transformation further relies on a high level of cybersecurity as an enabler for the broad adoption of transformative technologies such as IoT (Internet of Things).

The EU should adjust various policies and instruments to maximise their effect, including enabling a cross-border business environment by removing unjustified paper-era restrictions on the location of data, choose fast-track activities where Europe has advantages and accelerate the diffusion of emerging digital technologies and new innovative business models in industrial value networks. Furthermore, our policy measures should encourage companies to combine business area expertise with new technologies such as artificial intelligence (AI), blockchain and augmented/virtual reality in disrupting ways. Telecommunications ministers have agreed that in order to be able to leverage digitalisation and ensure that consumers and businesses can benefit across all industry sectors in Europe, the member states need to deliver planned connectivity and foster the emergence of digital ecosystems based on 5G connectivity.⁶ Additionally, facilitating innovation and business ecosystems to grow and enabling emergence of next generation digital platforms should be in the core of the EU industrial policy. This requires focused joint investments in the most promising ecosystems and platforms as well as smart regulation, and more specifically, of the EU's data economy, as well as a well-functioning Digital Single Market.

Particular focus should be on:

- Actions to **promote the dissemination and uptake of technology and innovation in industrial production** by SMEs, of which many have yet to begin their journey towards digitised production systems and the redefinition of their business models.
- An **enabling regulatory environment for value creation in the digital economy that serves as the basis for free flow of data and AI**. Free flow of data, i.e. removing unjustified barriers to data mobility across geographical borders and barriers to data mobility across IT-systems will enable data mobility in Europe, and hence unleash the full potential of European data economy.
- **Developing a long-term vision and an action plan for developing and applying AI**, particularly aiming at identifying new and emerging strands of business activity and understanding the implications for the society brought by the new developments.

⁶ Ministerial Declaration: Making 5G a success for Europe, signed in Tallinn on July 18, 2017.

- **Fully exploiting the potential** of new business models: the EU should eliminate barriers, including legal, to the starting-up and growth of **business models such as online platforms**, which have already shown positive impact to many sectors through decreasing cost of market access and transaction costs especially for SME-s. Prior to proposing eliminating legal barriers such as updating outdated regulation, a strong focus should be on not hindering the growth potential of new business models.

BUILDING ON EUROPE’S LEADERSHIP IN A LOW-CARBON AND CIRCULAR ECONOMY

The EU has set ambitious energy and climate goals to combat global warming. With this in mind, **industry needs to find synergies between increasing competitiveness on the one hand, and embracing a further uptake of renewable energy and promoting sustainability on the other.** Great business opportunities can be harnessed for providers of innovative, resource-efficient and environmentally friendly goods, services and systems. Industry must be sustainable in all aspects of the term when addressing the transformation and structural change. The EU stands by its commitments under the Agenda 2030 for Sustainable Development and the Paris Climate Agreement. These agreements are not only necessary in terms of our climate policies, but **they will create new business opportunities, particularly in the field of energy and resource efficient technologies.** The EU must enforce our efforts to ensure that industry can harness these opportunities. The EU industry is in a good position to do so: Europe is world leader in energy efficiency, smart cities and resource efficiency. EU companies hold 40% of all global patents in the field of renewable energy technology. This demonstrates that decisions and commitments made in climate and energy policy can also create a boost for modernising industry thus giving it a competitive advantage globally, if research achievements are transformed into affordable commercial successes.

The following areas need to be emphasized to support a swift and desirable change towards a sustainable competitive industry:

- **Leading the development of green and sustainable technologies:** Tapping into the full potential of existing environmental technology and ensuring the continuous development and uptake by industry of the best available techniques and emerging innovations. Europe already holds a comparative advantage in several green technologies. This development must be continued through new technologies and innovation collaborations, for example with support from the next EU Framework Programme for Research and Innovation (FP 9), EFSI and ESIF under the next multiannual financial framework (MFF).
- **Reducing greenhouse gas emissions from the industrial production:** The EU Emissions Trading System (ETS) continues to drive the emissions reductions of the industry, benefiting those, who are leading the way to a low-carbon economy. More emphasis is needed on collaboration among sectors and on development of new technologies for reducing emissions to go even further.
- **Transition to a more circular economy,** where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised.
- **Improving the supply and environmental practices of extraction of mineral and metals:** From battery production to smart grids, minerals and metals are necessary for technology to reduce carbon emissions. These minerals and metals must be produced in a sustainable and safe manner including the environmentally safe handling of chemicals and waste both in the EU and in third countries.
- **Reducing the negative environmental impacts of certain materials of particular concern** such as plastics while promoting recycling and responsible consumption patterns.
- **Enabling a bio-based economy:** Sustainably produced products from forestry, agriculture and aquaculture are important steps in reducing fossil dependence. These resources can play a pivotal role in a sustainable society based on each country's specific circumstances.

- **Completing the internal market for energy**, as an important prerequisite for competitive energy markets in the EU. Energy efficiency has the potential to lead to reduced energy costs and enhanced competitiveness. Compensation for indirect effects on the electricity prices should be made as equally as possible within the EU in order to avoid the fragmentation of the internal market for goods.
- **Creating a favourable environment for the uptake of digital solutions in energy** keeping in mind the call for action in the Tallinn e-Energy Declaration⁷: Digital solutions create a consumer-centric energy system and contribute to achieving the EU’s energy and climate goals. To support these developments, the increasing use of data solutions needs basic interoperability principles. Also, further facilitating digital solutions for power production and use optimisation are required for the ongoing uptake of renewable energy. In this light, it is worth for the Commission to explore how digitalisation aspects affect the industry in the long term and if the highlighted issues result in the need to create comprehensive digital energy strategies.
- **Designing an action plan** on the basis of the work started by the High Level Group on **Energy Intensive Industries**.
- **Research and innovation for increasing the EU competitiveness in low carbon and circular economy solutions and the supply and use of sustainable technologies in industry** through:
 - The **development of “mission-driven innovation programmes”** at a European level geared towards solutions for the important challenges existing, and building on innovation ecosystems;
 - **Supporting the competitiveness of EU industry through FP9**, stimulating larger-scale demonstration projects for example on industrial energy- and resource efficiency and carbon capture utilisation and storage;
 - **Ensuring an effective use of the EU ETS Innovation Fund**.

⁷ <https://www.eu2017.ee/tallinn-e-energy-declaration>

INVESTING IN THE INDUSTRY OF THE FUTURE

Industrial transformation and innovation capacity also depends on the right mix of investments by the EU, Member States and the private sector. In addition to initiatives outlined in the communication, action is also needed in the following areas:

- **The coherence between** the next MFF and innovation policies and tools has to be strengthened. **Financial instruments have to be better targeted and designed to achieve greater complementarity of funding programmes, including** FP 9, EFSI, ESIF and COSME.
- Better coherence also means continuous **improvement of synergies between EU instruments** (e.g. ESIF, EFSI, EIB/EIF instruments, Horizon 2020, COSME) as well as with existing national initiatives. These should be flexible in nature as to continuously adapt for market needs. This also means implementing funding mixes which are fit for purpose. For example: 1) to support complex, collaborative and close-to-the-market projects, which generally face a significant funding gap. 2) in the context of joint, inter-regional industrial innovation projects that allow joint investments in shared innovation infrastructure across borders (such as state-of-the-art pilot infrastructures, demonstrators as shared facilities with open access to companies). A user-driven approach should be developed in that perspective.
- Further integration of EU policies and coherence between different EU funding programmes is impeded by different non-complementary intervention logics and the complexity of the various funding and other regulations such as state aid rules. **EU state aid rules should be reviewed and revised as necessary** to ensure that they support research, development and innovation, also considering the context of global competitiveness and innovation.

- **Leveraging private financing and investments into new technologies:** The development of new technologies in the context of digitalisation and transformation to sustainable technologies is capital-intensive and therefore there is a need to develop further innovative forms of financing that mobilise private financing, for example blended finance combining loans, guarantees and grants. Furthermore, investments for the digital transformation of companies should address not only equipment but also the intangibles such as integration and training of the workforce. Also, it must be kept in mind that public finance should attract private funding and under certain circumstances increase the volume of available funds, but not replace the private funding.
- **Improving access to finance for RD&I intensive non-mature** companies in the EU through framework conditions and, where appropriate, via optimizing and adjusting the priorities of the EIB/EIF, and by reviewing if special efforts are needed for achieving better access to finance for sustainable innovations with high technological risk and a long investment horizon.
- **Bridging the gap** – fast growing companies often go abroad in search of capital for growth/late stage financing. European financial instruments should help bridging the gap from early stage venture to later stage growth financing.
- **Developing further the European venture capital market:** Venture capital initiatives like the privately managed Pan-European Venture Capital fund of funds and other similar initiatives should be endorsed. However, before introducing any new financial initiatives in this field, the EU should gain experience from the existing ones. At the same time, there is a need to develop further the regulatory framework (e.g. EuVECA) in order to remove unjustified obstacles to cross-border venture capital investments. The EU needs patient capital especially from the global markets.

- **The preparation of the next MFF should aim at simplification**, to prevent unnecessary bureaucracy and costs for participants. **A seamless funding pipeline from grants to EU financial instruments should be pursued. At the same time all the new financial initiatives should be based on a robust ex-ante evaluation and market analysis.** The EU entities should consider very carefully before introducing any new public financial instruments, i.e. the EU budget should not carry any unnecessary risks.

INDUSTRIAL INNOVATION

EU innovation and industrial policy instruments need to be better aligned to maximize their effect. Priority should be given to fast-track procedures for activities where Europe has competitive advantages, and accelerate the diffusion of disruptive technologies and new innovative business models.

- As a key initiative addressing industrial innovation, **the next EU Research Framework Programme should be quicker in turning research to innovation and innovation to business.** It should support different forms of innovation and engage end-users in research projects as early as possible.
- **It is essential that the next EU Research Framework Programme also supports the EU's industrial competitiveness**, focusing on challenges that industry is currently undergoing – digitalisation and transformation to sustainable technologies.
- The instrument of **Important Projects of Common European Interest (IPCEI)** should be further explored and next potential areas be identified.
- To **increase companies' access to latest knowledge, expertise and technology services**, we should develop further their cooperation with technology infrastructures and innovation hubs. This includes establishing European **demonstration and testbed facilities** where companies can try out their latest smart products and manufacturing systems as well as forging **networks and clusters** to help companies find partners and access value chains. The availability of structural funds for financing these instruments has been and remains crucial in both, well and less developed regions.

- **Setting up (digital) innovation hubs, experimentation zones** for example regulatory sandboxes on member state and EU level **and demonstration and upscaling centres**. This will help entrepreneurs, especially SMEs and start-ups, to get low threshold access to experimentation and test facilities.
- **Reinforcing and promoting new public-private partnerships**, including the engagement of large corporations as well as SMEs, to ensure that innovative new products and processes reach the market.
- **The implementation of the smart specialisation concept** should be better targeted across Europe to create synergies between regions and different policy areas and develop new approaches to industrial modernisation to close the innovation and productivity gap and to ensure that the European economy strengthens its competitiveness.
- **The European cluster policy** needs to be developed further. It should link up regional clusters into cross-European world-class clusters, based on smart specialisation and internationalisation principles. Existing initiatives should be scaled up to support the emergence of new value chains across Europe.
- A more strategic approach to public procurement is needed, **using innovation procurements** as an instrument to stimulate the development of new solutions and products.
- **Promotion and stimulation of collaboration** between small and large enterprises, to enable a scale-up and an increased uptake of innovation and to move further up in the value chain.
- The **“innovation principle” should be applied to all European regulation**, which entails considering the impact on research and innovation in the process of developing and reviewing regulation in all policy domains. New regulation should take into account its potential effects on the innovative capacity of European economies, by for example focusing on the regulation’s purpose instead of its means, and by technology-neutral formulations.

THE INTERNATIONAL DIMENSION

Open and effective trade and investment policy is the foundation of the EU industry's global competitiveness. However, the global competitiveness of the EU industry is dependent not only on developments on the Internal Market and the EU law, but also on global trends, international rulemaking and third countries' trade and industrial policies. It is essential for the EU to create a modern and rules-based international trade framework that allows the EU industry to take part in the global value chains at a level-playing field, while ensuring that the EU remains an attractive market and destination for foreign investments. At the same time, the EU should endeavour working against protectionist tendencies that harm up- and downstream EU industry both at home as well as abroad.

- **Network of trade agreements to ensure legal certainty for trading**

Stable and rule based trade relations are essential for our global competitiveness allowing legal certainty for industry. The network of EU trade agreements, both multilateral and bilateral, should ensure that trading becomes seamless for the EU industry. Therefore, it is crucial that the process of concluding EU trade and investment agreements is expedited, but not at the expense of their scope and quality. In this regard, it is important that EU trade agreements ensure improved conditions for goods, services, investments and public procurement, while promoting environmental and climate considerations.

- **Modern provisions that reflect the global industrial trends**

EU trade agreements should sufficiently reflect the EU's offensive and defensive interests and ensure that the provisions are suitable for the 21st century industry and trade reality. The agreements should ensure not only the export ability of our industry, but also ensure access to raw materials and other manufacturing inputs, the ability of EU industry to multinationalise and protect these investments abroad, recognise the importance of trade in services including as part of manufacturing global value chains, and make sure that the data-flows from and between third countries necessary for organising effective business processes are not hindered.

- **Effective implementation of trade agreements**

The framework of EU multilateral and bilateral trade agreements only supports the EU industry if it is implemented vigorously. In this regard, it is essential that the efforts for identifying - together with EU industry - the specific market access barriers that hamper European companies in third countries, and addressing them is stepped up. The EU has multiple tools available ranging from diplomatic demarches to bilateral and multilateral dispute resolution and use of EU Trade Barriers Regulation, and these should be used actively.

- **Better information sharing with industry**

The industry, in particular the SMEs, would considerably benefit from better overview of market access barriers identified in third countries. Thus the cooperation in the Market Access Advisory Committee and the work on the Market Access Database should continue, including extending it to trade in services and public procurements.

- **Addressing unfair trading practices through autonomous regulation**

The European Council conclusions from June 2017 reiterate that trade can only be free if it is also fair. In this light the legislators, the Council and the European Parliament are discussing the modernisation of the EU trade defence instruments and a proposal for investment screening framework, which could reinforce the ability of the EU to tackle unfair trade practices and market distortions in a WTO-compatible manner.

PARTNERSHIP WITH MEMBER STATES, REGIONS, CITIES AND THE PRIVATE SECTOR

Further development and implementation of EU Industrial Strategy will only be successful if different entities work together and actively engage in dialogue with all stakeholders at European, national, regional and local level. If everyone is engaging, the outcomes achieved will help to substantially strengthen the competitiveness of the EU's industrial sector.

In this context the Competitiveness Council on 30 November 2017 will call on the Commission to **consider a concrete mechanism to effectively monitor the implementation of the strategy, and present at regular intervals progress reports to the Competitiveness Council with a view to the spring meetings of the European Council, starting in 2018, and adapt the strategy, if necessary, to respond to evolving conditions faced by industry.**

The governance mechanism for the EU Industrial Strategy (i.e. the annual EU Industry Day, the new High Level Industrial Roundtable) needs to feed into discussions in the Competitiveness Council and European Council, but currently their alignment remains unclear. To create the link between policy design and implementation in EU, Member States and regional level, the Council also has to be actively engaged in the work of High Level Industrial Roundtable. Also, it is essential to utilise already existing formats and ensure that work is not duplicated. Discussions for finding the best monitoring mechanism for the EU Industrial Strategy need to be continued.

