

ROADMAP

Title of the initiative: **Industrial Policy Communication / Industrial Competitiveness Package**

Type of initiative (CWP/Catalogue/Comitology): CWP

Lead DG/contact person/details: DG ENTR - unit B/2

Expected date of adoption of the initiative (month/year): September 2010

Date of modification:

Version No:

Initial IA screening & planning of further work

A. Context and problem definition

(i) What is the political context of the initiative? (ii) How does this initiative relate to past and possible future initiatives, and to other EU policies?

The initiative was announced by President Barroso in his policy guidelines he addressed to the European Parliament in summer 2009 and forms a key element of one of the flagship initiatives of the Europe 2020 Strategy ("An industrial policy for the globalisation era"), and the Council is looking forward to it (Competitiveness Council conclusions of 1 March 2010). The Communication will build on the 2005 Communication on industrial policy (COM(2005)474) and the mid-term review thereof (COM(2007)374). The Communication will be accompanied by three staff working papers, one providing the outcome of a screening of industry and sector-specific policy challenges (the industrial stocktaking exercise), the second providing substantive analytical background material (previously produced in the form of the annual European Competitiveness Report), and a third giving an overview of Member State industrial competitiveness policies.

What are the main problems identified?

Industry and especially SMEs have been hit hard by the financial and economic crisis and all sectors are facing the challenges of globalisation and adjusting their production processes and products to a low-carbon economy. Extensive industrial upgrading and restructuring will be required over coming years to achieve these objectives: some sectors may need to reinvent themselves, whilst for others these challenges present new business opportunities. The Commission will draw up a framework for a modern industrial policy, to support entrepreneurship, to guide and help industry to become fit to meet these challenges, to promote the competitiveness of Europe's primary, manufacturing and service industries and help them seize the opportunities of globalisation and of the green economy. The framework will address all elements of the increasingly international value chain from access to raw materials to after-sales service

Who is affected?

Ensuring the competitiveness and sustainability of EU industry is essential for the EU as a whole, not least to ensure employment and social cohesion and to ensure the achievement of the EU's environmental goals. EU businesses, both large firms and SMEs, workers, and consumers are all directly concerned by EU competitiveness. The Commission will work closely with business organisations, trade unions and professional associations, academics, governmental organisation, NGOs, and consumer organisations that can all contribute to the process of improving competitiveness.

(i) Is EU action justified on grounds of subsidiarity? (ii) Why can the objectives of the proposed action not be achieved sufficiently by Member States (necessity test)? (iii) As a result of this, can objectives be better achieved by action by the Community (test of EU Value Added)?

The Communication will address both Member States and European institutions, as well as market participants. TFEU 173 identifies industrial policy as a shared competence between the EU and Member States and a clear message coming from the Communication will be that

fostering the competitiveness of European industry in a globalised world will require action at both levels. Community actions are required to ensure maintenance of the Single Market and to exploit the economies of scale and scope available from EU-wide action. The Communications (and the accompanying staff document) will prominently deal with the subsidiarity and necessity tests and assign responsibilities according to the outcome of the test. Only what passes the test of EU Value Added will be considered for Community action.

B. Objectives of EU initiative

What are the main policy objectives?

The objective of the Communication is to outline an action plan for future industrial policy initiatives in order to create the best environment to maintain and develop a strong, competitive and diversified industrial base in Europe as well as supporting the transition of manufacturing sectors to greater energy and resource efficiency. The Communication will propose policy initiatives to address these challenges, both with respect to horizontal policies (such as competition, single market, energy or innovation policies) and at a sectoral level,

Do the objectives imply developing EU policy in new areas or in areas of strategic importance?

No new EU policies are foreseen. However, a combination of different existing policy instruments might be envisaged, as well as developing existing policies and policy instruments further so as to make them properly respond to the policy challenges identified.

C. Options

(i) What are the policy options? (ii) What legislative or 'soft law' instruments could be considered? (iii) Would any legislative initiatives go beyond routine up-date of existing legislation?

Policy options would be to continue "business as usual", despite the possibility of a certain de-industrialisation or delocalisation of jobs and production out of Europe. A variety of alternative policy initiatives will be developed through putting all relevant policies to the test of how they impact on the competitiveness of European industries and jobs and to propose a policy framework that creates the environment for achieving the policy objectives. This might imply (at a later stage) legislative initiatives for which impact assessments would be carried out.

Does the action proposed in the options cut across several policy areas or impact on action taken/planned by other Commission departments?

Yes: the Communication will contain a significant horizontal part, cutting across numerous EU policies (such as energy, climate, transport, competition, and single market and trade policies) as well as horizontal Member State responsibilities.

Explain how the options respect the proportionality principle.

As the starting point is as little as possible regulatory intervention and leaving the bulk of the work to be done for competitiveness to the market the proportionality principle will be scrupulously respected.

D. Initial assessment of impacts

What are the significant impacts likely to result from each policy option (cf. list of impacts in the Impact Assessment Guidelines pages 32-37), even if these impacts would materialise only after subsequent Commission initiatives?

The outcome of the package of proposed initiatives should result in maintaining and developing a strong, competitive and diversified industrial base in Europe as well as supporting the transition of manufacturing sectors to greater energy and resource efficiency.

Thus, the initiative is expected to have positive economic, social and environmental impacts through continued wealth creation, expanded employment opportunities, and a reduced impact of industry on the environment and resource use.

Could the options have impacts on the EU-Budget (above 5 Mio €) and/or should the IA also serve as the ex-ante evaluation, required by the Financial Regulation? In case policy proposals would aim at strengthening fiscal incentives, including EU funds (such as in favour of innovation and R&D), an impact on the EU budget is not excluded. This would, however, be preceded by an

impact assessment for the concrete policy proposal.

Could the options have significant impacts on (i) simplification, (ii) administrative burden or on (iii) relations with third countries?

One policy goal will be simplification and administrative burden reduction although at this stage it is impossible to assess the impacts. This will be covered by future impact assessments. Putting more impetus behind a struggle for a level playing field at the global level might stimulate discussions with our main trading partners and competitors.

E. Planning of further impact assessment work

When will the impact assessment work start?

Since the objective of the Communication is to outline an action plan for future industrial policy initiatives, no specific impact assessment is foreseen. However, a detailed screening of the strengths and weaknesses of the individual industrial sectors is presently ongoing and will be reported in the form of a Staff Working Paper. Individual policy measures under the action plan would be subject to impact assessments at a later stage.

(i) What information and data are already available? (ii) Will this impact assessment build on already existing impact assessment work or evaluations carried out? (iii) What further information needs to be gathered? (iv) How will this be done (e.g. internally or by an external contractor) and by when?

(v) What type and level of analysis will be carried out (cf. principle of proportionate analysis)?

Rich material is already available, including sectoral competitiveness studies undertaken since 2007, the European competitiveness reports, reports of sector-specific high-level groups, and business, price and trade statistics collected by Eurostat. DG ENTR is presently undertaking a stocktaking of the strengths and weaknesses of manufacturing sectors, first results of which should become available in late April 2010.

Which stakeholders & experts have been/will be consulted, how and at what stage?

DG ENTR is in permanent contact with industrial stakeholders along key parts of the industrial value chain. A high-level conference on "Industrial Competitiveness", taking place on 26 April in Brussels, will also serve as a launch event for a broad public consultation on policy options in the aftermath of the crisis, to be followed by smaller events.