



EUROPEAN COMMISSION
 ENTERPRISE AND INDUSTRY DIRECTORATE-GENERAL

Coordination, planning and international affairs
General Coordination

Brussels, 10 June 2013
 ENTR/A.1/IBJ/mdc

MINUTES OF THE EPG DIRECTORS GENERAL MEETING OF 10 JUNE 2013

Mr Daniel Calleja, Director General, welcomed participants, and briefly presented the main topics for discussion. The agenda was adopted without changes.

1. INTRODUCTION

Mr Calleja defined the Enterprise Policy Group (EPG) as a platform to discuss competitiveness policies. Support for SMEs or access to finance are key examples of such policies. European competitiveness remains at the forefront of European Council meetings where various topics are being discussed: energy, access to finance for SMEs, innovation, defence and industrial policies. The Commission stressed the role of the EU Competitiveness Council in designing microeconomic policies. Despite not being as well-known as other EU Council formations such as the ECOFIN, policies which are at stake at the EU Competitiveness Council are an essential complement to ECOFIN, which is focusing on macroeconomic policies.

2. INDUSTRIAL POLICY

Mr Herbert conducted a presentation on practical actions already taken by the Commission in order to foster current industrial policies. He added that industry accounts for around 15% of EU GDP. The Commission keeps the ambition to reach the target of 20% by 2020. Indeed, the industrial sector is an important source of economic recovery: 40% of the additional economic output made in the US recently has come from the industrial sector whilst it accounts for only 12% of US GDP. Mr Herbert presented some examples of accomplished or on-going task force actions that followed the adoption of the Industrial Policy Communication.

Ms Brooks of the British Ministry of State for Trade and Investment gave a comprehensive overview of its objectives, achievements and strategic sectors. Ms Brooks underlined that for the last few years British Authorities have increasingly been interested in industrial policies and have focused inter alia on market innovation, education, access to finance and procurement opportunities.

Exchange of views:

Some Members advised for more inter-ministerial consultations in order to accommodate conflicting objectives and policy setting activities. Ms Brooks also reminded that the UK agreed with the goals defined in the Commission Communication but stated that there has not yet been any proper discussion nor conclusion from inside the UK Ministry. Ms Brooks gave some explanations regarding the budget setting process and current breakdown and called for smart decisions having a substantial leverage effect on the economy.

One Member asked for clarification on the role of the European Council following the implementation of the industrial strategy as defined by the Commission. Mr Calleja reminded that it is up to Member States to take decisions and recalled for the cooperation of present participants to inform their governments. Mr Calleja thanked some Members for their position papers regarding the Communication from the Commission. Several Members highlighted the leverage effect of clustering and exports on the economy. Some Members presented some of their industrial strategic priorities: Public Private Partnerships, local industries, trade policies, green economies, state aids, regional subsidies, competition, applied research and internal market standardization. One Member called for more ambitious objectives and supported the 20% target at the same level as target defined for other policy areas such as climate change. Conversely, one Member suggested High Level Groups for industry and competitiveness to be structured on the same models as ECOFIN. Mr Calleja defined Missions for Growth as a significant tool to foster new business partnerships across Europe and considered clustering as a strategic tool for industrial competitiveness. He recalled the need to benchmark industrial policies with related areas such as energy, climate policy, CO2 cars and social/unemployment matters.

3. FORTHCOMING COMMISSION INITIATIVES OF RELEVANCE TO INDUSTRIAL COMPETITIVENESS

Mr Calleja presented some on-going and future related initiatives taking place outside DG ENTR such as on energy and climate issues, the Emissions Trading Scheme (ETS), CO2 emission of cars, trade, social issues and employment.

4. STEEL

The Commission highlighted the adoption of a Communication for an Action Plan for a competitive and sustainable steel industry in Europe and explained why the steel industry is a sector of vital economic importance for the EU economy. Recently, global demand for steel has diminished and Europe has lost some market shares compared to its competitors. The Commission described a wide set of crosscutting support measures with implications on climate change, energy, trade, raw material or employment policies. The Commission called for a constructive dialogue between industry, trade unions and the Commission and proposed the monitoring of the implementation of the measures by annual meetings of a high level group newly created on steel.

Exchange of views:

Some Members thanked the Commission for its sectoral approach. One Member put forward the strong existing relationship between energy prices and the “intensive energy industries”. This Member also wanted to see more use of preferential prices for long term contract schemes. Other Members insisted on R&D and asked not to soften rules for aid in that sector. In addition, the issue of overcapacity was addressed. The question arose whether China shares the same idea of overcapacity as the EU and the Commission answered that the issue of overcapacity will have to be tackled with global competitors. The Commission clarified the organisation of a Task Force between various Commission DG and Units (Inter-Service Task Force). The Commission noticed that Member States can make use of tools such as taxation in order to foster the competitiveness of the sector. The Commission also encouraged Member States to foster the use of renewable and unconventional sources of energy. The Commission reminded that it has promoted research in the field of steel under programmes such as FP7, RPCS (Research Found for Coal and Steel).

5. DEFENCE

In view of the next European Council devoted to defence in December, the Commission is now considering the text of a new Communication for the defence sector before the end of the summer. Mr Calleja pointed out the huge spill over effects that can emerge from the sector and called for further European defence co-operation such as on standardization and transfers of technologies. Indeed, 80% of the procurements made in defence are made at a national level in Member States. He also highlighted the potential for highly qualified jobs. The Commission presented the key points to be included in the Communication and reminded that the Communication is expected to be adopted before the summer break. Following the European Council, and taking full account of its conclusions, the Commission will prepare a more detailed action plan to take forward the proposals, in partnership with Member States and organisations such as the European Defence Agency (EDA).

Exchange of views:

Some Members appreciated cooperation with the EDA and considered it as the key joint organization on weaponry. One Member asked the Commission for more dialogue with Economy/Industry Ministers. The Commission argued that Defence Ministers should be at the forefront of the discussion, clarified that Economy/Industry Ministers have been consulted through the EDA, and added that this Communication would be food for thought in view of the next European Council on defence. Some Members called for greater co-operation in research activities. The Commission said there had already been some co-operation in FP7 such as on cyber security or maritime surveillance. In addition, the on-coming Horizon 2020 will also provide opportunities for projects with a dual use nature, such as example through the Key Enabling Technologies. One Member inquired about the weaknesses of SMEs and considered clustering as a great means for supporting them. The Commission explained it would explore how various tools and instruments of its SME-policy could be tailored to the defence sector. The Commission also reminded that small and medium sized manufacturers of defence industrial goods can benefit from the Defence Procurement Directive as its subcontracting provisions allow SMEs to be granted up to 30% of the procurements within the sector. Some Members raised the issue of the internal market of defence industrial goods and requested further harmonization

from EU external partners. Some Members also expressed their concerns about restrictions made to the transportation of weapons across other Member States through the use of licences for transportation. The Commission explained that the issue of the transportation of defence industrial goods may be solved within the framework of the Defence Transfer Directive, which will be revised in 2015.

6. ESPG SUBGROUP ON REACH

The Commission informed Members about the ESPG working group on REACH and CLP (Regulation on classification, labelling and packaging). The ESPG sub-group on REACH was established at the request of the members of the EPG at their meeting of 5 May 2011. In March 2012, the mandate of the sub-group was extended to cover matters related to the CLP Regulation. The task of the sub-group was to discuss the impacts of both REACH and CLP Regulations on competitiveness, innovation and SMEs in relation to the horizontal industrial policies. The mandate of this sub-group ended in December 2012 but the possibility for renewal existed within the Commission Decision which created the ESPG. At the time of responding to the conclusions of the REACH Review and the outcome of the TOP-10 survey, which ranked REACH as the most burdensome EU legislation for SMEs, DG Enterprise and Industry asked Members whether they agreed to renew the mandate of the ESPG working group. No Member opposed the proposal and the mandate was renewed.

7. CONCLUSION

The Commission invited the Members to discuss topics raised during the meeting at their national level and reminded that the next meeting of the EPG would take place in September 2013.