



EUROPEAN COMMISSION

STATEMENT

Lisbon, 12 February 2014

by the Minister for Education, Universities and Research of Italy, the Minister of Industry, Energy and Tourism of Spain, the Minister of Economy of Portugal and the Vice President and EU Commissioner for Industry and Entrepreneurship and Tourism.

Reindustrialization – An essential factor for economic growth and job creation in Europe

Since the Industrial Revolution that industry's paramount contribution to economic growth and the increase of the population's well-being is indisputable.

The industrial sector is recognized for its positive effect on the whole of economy, and highly industrialized nations resist better to cyclical crisis that affect modern economies, maintaining a stronger business environment, registering lower unemployment and keeping their exports alive.

Industry is at the heart of Europe's economy and the European project. It has been Europe's main driving force in terms of Economic growth and development, and Europe's industrial sector currently represents 34 million jobs, 75% of its exports and 80% of the expenditure in R&D, in particular with regards to the creation of skilled jobs and the boosting of exports and international business.

However, during the last decade, European Industry experienced a declining trend in its economic impact (10% decrease in industrial employment since 2000, industry's contribution to Europe's GDP has fallen to 15,1% – far from the EU Commission's objective of 20% by 2020). This trend has particularly afflicted the Southern European Economies that not only experienced similar reductions in their industrial activities, but, more importantly, lag behind EU28 in the recovery of their manufacturing structures. Long term unemployment has lasting effects on the quality of human capital, especially when youth is affected.

The specificities of Southern European economies, which include 54 million workers and 7 millions businesses, mostly SMEs, require a special attention in terms of the establishing of the new industrial policy.

Competitiveness and economic growth of southern economies should be supported through specialised branding, product quality, innovation, training, and new skills, making labour costs an increasingly less critical factor.

It is therefore essential to actively pursue the reindustrialization of Europe and to increase its productive capabilities, especially at a time when consistent positive economic signs are being felt all across the continent, in particular in Portugal, Spain and Italy.

It is essential that we commit to an industrial policy for inclusive economic growth in Europe as one of our main political objectives. We will need a bolder attitude in

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implementing a convergent growth model both through national and regional policies, as well as a coordinated effort on a European level, in particular through the EU Competitiveness Council.

The adequate promotion of a consistent industrial policy requires us to focus on five defining factors to successfully reindustrialize Europe: 1) the promotion of research, innovation and entrepreneurship, within the European Research Area; 2) the continued improvement of European competences, skills and knowledge, as well as the motivation to pursue vocational training, apprenticeships and industrial related careers; 3) the access to adequately priced financing, in particular for Small and Medium sized companies, 4) the advancement of the EU Internal Market and access to international markets, and 5) an enabling business regulatory environment.

Research, Innovation and Entrepreneurship

For Europe to maintain and build upon its industrial leadership, it must be able to transform new ideas as well as excellent science and technology into products, processes, services and new business models. It must be able to bring new value-added solutions to all sectors of the economy, but especially the industrial sector. This constant development is necessary for EU companies to produce highly advanced, high value-added products, and stay ahead of the markets and our global competitors.

We are committed to pursuing public policies which enable research and innovation to flourish, providing support to the development of the enabling technologies upon which companies will base their future industrial leadership, establishing an appropriate regulatory framework and incentive schemes that allow companies to invest in research and development, and to scale up entrepreneurial activities. We are committed to empowering researchers and clusters who engage into a dialogue with industrial partners for the development of more competitive products, and to playing an active role in the implementation of Horizon 2020, by finding synergies with other action at European as well as member state level.

Qualified and motivated Human Resources

Skill mismatches and training are key challenges for the EU industry. The industrial sector needs a highly qualified and motivated workforce, with the right skills and knowledge that will permit European companies to compete on a global scale with production and development facilities based in the EU.

We are committed to pursuing in industry-education partnerships for the development of vocational training, apprenticeships, as well as continuous learning. We will provide, through public policy and educational institutions, the appropriate environment and measures for Europeans to fight back the effects on the development of human capital of long term unemployment, as well as to invest in themselves and continually improve their skills. We will increase our efforts towards promoting education for entrepreneurship.

Financing

One of Europe's greatest challenges is the appropriate access to ordinary financial tools as well as specialized risk finance, especially for small and medium sized companies, start-ups and entrepreneurs. The lack of banking finance and the cost of financing is a serious constraint for Europe's industrial sector. Without appropriate funding, the industrial sector, which requires high levels of investment based on medium and long-term returns, will not be able to maintain a competitive advantage in the global market nor allow for new industrial advances to be made.

We are fully committed and call upon financial institutions to pursuing solutions that will enable European companies to have access to the appropriate funding, in particular for small and medium sized companies, and support the creation of alternative non-banking

funding, including private equity and venture capital, that may support industrial investment and the recapitalization of European companies and SMEs. We also recognize the urgent need for a full and complete banking union, the only long lasting solution to unequal credit access inside the EU Internal Market.

Internal Market and Internationalization

The European Internal Market has brought with it great benefits to the European economy, but this market is still, in many respects, an imperfect market, one where energy, transport and financial costs have significant differences from one country to another. Energy costs also vary on an international level, and we must consider its impact on international trade.

At the same time, these companies compete in a highly unequally global market, where industrial and environmental standards vary greatly and where unequal access to raw materials give certain operators significant advantages which make competition unfair.

We are committed to completing the European internal market, to increase interconnections of Europe's energy and transport networks of our countries, and to allow all European companies to have access to affordable and competitively priced financing. We are also committed to the pursuit of free and balanced international trade, both in regards to market access for European exports, but also regarding the possibility of European companies purchasing of raw material on equal terms.

Business Regulatory Environment

European companies are still burdened with cumbersome regulations and vague rules that are unevenly applied and that impose inefficiencies on the enterprise sector. This limits the overall competitiveness of our economies and their potential for creating jobs.

An enabling business regulatory environment (having the right rules, regulations and related institutions) is paramount to improve Europe's competitiveness and fostering a thriving industrial sector.

We commit to an ever increasing transparency of policymaking by developing a sound regulatory business environment, enacted by both efficient procedures and public institutions, establishing legally enforceable rules that protect consumers, shareholders and the public, without overburdening firms.

We are therefore stoutly committed to support a more effective and ambitious industrial agenda for the Reindustrialization of Europe through public policy at a National, Regional and EU level.

Moreover we strongly commit to policies and actions needed to tackle the specific hurdles Southern European SMEs face to effectively compete in innovation and technology, allowing for more technological entrepreneurship, more high growth SMEs and to shorten the technological deficit of Southern European economies, thus providing the basis for future sustainable economic growth and job creation.