



Enterprise and Industry DG

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Business Round Table

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Joint Session with the authorities

SPEECH

Chairmen, Ladies and Gentlemen,

I am very happy to be with you this morning representing Vice-President Tajani who asked me to convey his best wishes for a successful round table. This representation at the annual meeting of the Business Round Table is of a major importance to him as he considers the BRT has an important role to play towards the construction of a potentially promising political and economic bilateral relationship between the EU and Japan.

I would like to present you the main elements of the strategy for re-industrialisation that we have put in place since 2010 until today under the leadership of Vice-President Tajani and will conclude with some of our ideas for the way ahead.

I will share with you the latest information as regards the measures recently adopted in the European Union to strengthen the recovery of our economy and of our industry in particular.

We must always have in mind the strength of the EU economy and of its industry. The European Union remains - by far - the largest importer and exporter in the world. Actually, in 2012 the EU has reached a record trade surplus with the rest of the world in manufactured products: 365 billion euros, 1 billion euro of surplus per day!

This trade surplus is fundamental for the stability of our economy, as on the other hand Europe has a massive deficit for energy that we import from Russia, Algeria or Saudi Arabia.

Such impressive trade performance does not come by chance but results from a number of key strengths of the EU economy.

Indeed, Europe has a lot going for it: excellent research institutions, excellent infrastructure, world class businesses, the richer single market in the world, and a highly skilled workforce.

The EU is a very open economy and wants that its companies are able to access other markets without unjustified barriers. Industrial policy is not about protectionism but rather about embracing the positive effects of trade and competition.

Back in 2010 at the start of the mandate of Vice-President Tajani, the Commission has adopted an important political initiative defined "An integrated industrial policy in the globalisation era".

This integrated mid-term strategy has been completed in 2012 by a second important policy document, explicitly asking for **a re-industrialisation of Europe** itself complemented in 2014 by an “**Industrial Renaissance**”.

Specifically, we want **to reach up to 20% of the EU GDP** stemming from manufacturing from current 15.1%. 20% was actually the share of industry in EU GDP until the mid-1990s, when Europe was catching up with the USA in competitiveness terms and before the financial and real estate bubbles.

Our integrated industrial policy was **designed to encompass “industry” in its wider sense, including the whole value and supply chains**. The idea is to create the right framework conditions for industry to thrive.

Having a suitable regulatory framework is a pre-condition but it is not sufficient, this is why we are **now focusing on four specific areas for action.**

Investment in new technologies

Market access

Access to finance

Human capital and skills

Most important is the area of industrial **innovation**. We strongly believe that innovation is the key to building sustainable growth and a fairer and greener society. Innovation will also be key to ensuring that industry makes **a rapid transition to a low carbon, resource-efficient economy**, something crucial for our longer term competitiveness.

We focus on **six priority action lines**, which have been selected due to their position at the edge of industrial development. These priorities actions lines are

Clean vehicles

Some examples of actions leading to concrete competitiveness advantages for EU industry, would include on-going work e.g. on standards for the charging interface of electric vehicles.

Advanced manufacturing technologies

Advanced manufacturing technologies cover not only specific high-tech sectors. It is about technologies that can be used by any manufacturing sector, hi-tech or low-tech.

Bio-based products

Bio-based products are another important area. Standardisation work is on-going here, e.g. for definition of bio-based products.

Smart grids

Energy infrastructures in Europe need to be updated. Our work on Smart grids has a sharp focus on the promotion of engineering industry, to make sure future smart grids are supplied by European manufacturers.

Sustainable Construction

40 % of energy is used for housing residential purposes, implying low efficiency and the emphasis in energy efficiency going into manufacturing usage.

KETs

Key Enabling Technologies (or KETs), like nanotechnology or microelectronics, are essential for a wide and growing range of industrial sectors.

Depending upon the particular KET, growth potential of 10 to 20% is expected in the coming years. In this context, we must become better at translating the excellent EU knowledge base into goods and services.

Beyond industrial innovation which is at the core of our industrial policy, there are **three main areas of intervention**.

We want to offer **better market opportunities** to our firms in global markets and make the Internal Market more dynamic.

On the international front in particular, the EU has a very dynamic trade and investment policy, including negotiations for a **free-trade agreement with Japan, the United States** and others should follow soon with China for a bilateral investment agreement .

Another key area is **access to finance** that must be improved to compensate for the dysfunctions that the financial crisis has created in traditional credit channels. This implies better using EU funds and direct them to company needs and also favour the emergence of a truly integrated risk capital market.

Finally, the 2012 Industrial policy strategy presented a number of complementary measures to create jobs and increase investment in **human capital and skills**. For example, we are now focusing on ICT skills as there is lot of employment potential there.

Today, and in a nutshell, our Industrial Policy Communication so-called “*For a European Industrial Renaissance*” therefore calls on the Member States to recognise the central importance of industry for boosting competitiveness and sustainable growth in Europe and for a **systematic consideration of competitiveness concerns across all policy areas**.

Again the key measures of the Commission aim at:

- maximising the potential of the Internal Market,
- pursuing industrial modernisation by investing in innovation and new technologies,
- skills promotion,
- addressing **companies' need for access to finance, affordable energy, raw materials and other inputs,**
- **promoting entrepreneurship and the internationalisation of EU firms, and facilitate the integration of SMEs in global value chain.**

A new specific element with great potential is **better integration of industrial and regional policies**. We want our **Cohesion policy to work for the modernization of the industrial base of the EU**. For this purpose we will use our instruments and financial resources for regional development by promoting innovation and competitiveness.

Concretely around 100 billion EUR of European Structural and Investment Funds will be available in 2014-2020 for Member States to finance investment in line with industrial policy priorities.

Investments in innovation by the Structural and Investment Funds will be guided by “**Smart Specialisation**”. This means that **Member States and regions should concentrate investment on their comparative advantages and encourage the creation of cross-European value chains**.

As concerns access to external markets, we will continue to act within the WTO agreement concerning Technical Barriers to Trade in order to prevent third countries putting up technical barriers to trade.

The bottom line is that we now clearly focus on facilitating the implementation of the **industrial policy and structural reforms at EU, national and regional levels**.

That is the approach for which we sought political support from the Member States at the March European Council and which we have largely obtained.

We are therefore satisfied that the Council endorsed the Commission's industrial policy. **This implies acknowledging the role of industry for growth and jobs and the**

systematic mainstreaming of industrial competitiveness concerns across all EU policy areas.

The closer partnership we are going to further develop with Japan fits well with the European strategy for the recovery of the European economic competitiveness.

We have great expectations as regards the outcome of the free trade agreement we are negotiating with Japan.

In this context, the BRT has also a role to play.

This is why I am pleased to see its commitment to make every effort to support the completion of the EU-Japan FTA/EPA as well as its confidence in the rebalancing of the European economy and the improvement in its external competitiveness.

Thank you for your attention