



STATE OF THE UNION 2017

INDUSTRIAL POLICY STRATEGY

Making Europe's industry stronger: Key initiatives

Industry is at the heart of the Juncker Commission's political priorities

All Commission policies are geared to empower industry to create jobs, boost Europe's competitiveness, foster investment and innovation in clean and digital technologies and defend Europe's regions and workers most affected by industrial change.



Empowering industry and its people with **opportunities** and **skills** to thrive in the **Single Market**

An intellectual property system that promotes innovation and creativity **NEW**

Before the end of 2017, the Commission will publish initiatives on the enforcement of intellectual property rights and on a balanced, clear and predictable European licensing framework for Standard Essential Patents.

A workforce with the right skills and social rights

In June 2016 the Commission presented new actions for better skills in Europe, an agenda which will shortly be extended to new key industry sectors, such as construction, steel, paper, green technologies, renewable energies, manufacturing and maritime shipping. The Commission also recently launched the European Pillar of Social Rights.

A modern standardisation system

Largely voluntary and industry-driven, standards reduce costs, promote innovation, ensure interoperability between different devices and services, and help companies to access markets. In June 2016, the Commission took steps to ensure that Europe remains a global hub for standardisation.

Making it easier for European companies to bid for public contracts **NEW**

Every year, public authorities in the EU spend around €2 trillion in services, works and supplies. The Commission will present an initiative to improve the functioning of public procurement in the EU, including a voluntary mechanism to provide clarity and guidance to authorities planning large infrastructure projects.

A competitive services economy to underpin the performance of manufacturing

Input from services, including research, accounting, advisory, ICT or after-sale services, is crucial in manufacturing. In January 2016, the Commission proposed measures to give a fresh boost to the services economy and thus also to industry.



Upgrading industry for the **digital age**

Protecting industry against cyber attacks

NEW

On 13 September 2017 the Commission adopted measures to better protect industry and public authorities against cyber threats. A European Cybersecurity Research and Competence Centre will support the development of industrial capabilities. A new EU Cybersecurity Agency will assist Member States in dealing with cyber attacks and will support an EU-wide certification scheme for products and services, recognised in all Member States.



Building on Europe's leadership in a **low-carbon** and **circular economy**

Boosting the clean energy transition

The Clean Energy for all Europeans Initiative of November 2016 includes legislative proposals covering energy efficiency, renewable energy, the design of the electricity market, security of electricity supply and governance rules for the Energy Union. In addition, the Commission proposed a new way forward for eco-design.

Sustainable finance **NEW**

In the context of the Capital Markets Union, the Commission is developing a strategy to better orient private capital flows to more sustainable investments.



Partnering with Member States, regions, cities and businesses to stimulate industrial competitiveness at all levels

Developing infrastructure and connectivity solutions

As part of its Digital Single Market Strategy, the Commission is facilitating the development of autonomous vehicles, the Internet of Things and countless other applications through actions such as high-speed connectivity (including 5G).

Creating a world-class big data ecosystem

NEW

On 13 September 2017, the Commission proposed a Regulation on the free flow of non-personal data that will enable data to circulate freely across borders, helping to modernise industry and create a truly common European data space.

Fostering resource efficiency to save costs and create new business opportunities and jobs

NEW

The Commission will put forward a new series of actions on Circular Economy, including a strategy on plastics and measures to improve the production of renewable biological resources and their conversion into bio-based products or bio-energy. The Commission has identified which raw materials have critical importance for the EU's manufacturing industry and will continue to ensure their secure, sustainable and affordable supply.

Making European mobility clean, competitive and connected **NEW**

In May 2017 the Commission presented measures to help the transport sector remain competitive in a socially fair transition towards clean energy and digitisation. The Commission will propose to further tighten CO2 emissions standards for cars and vans. An Alternative Fuels Infrastructure Action Plan will support the deployment of charging infrastructure.

Helping regions facing industrial transition equip themselves with the right tools

The Commission will continue its work with Member States and regions to identify reform needs to boost industrial competitiveness in the context of the European Semester, the Horizon 2020 Policy Support Facility and the Smart Specialisation Platform.



Investing in the industry of the future

Investing in a modern industry and transforming of old industrial sites

Whether it is 3D printing, bio-based plastics for packaging or new systems to cut water use in the chemical industry, the EU invests in pioneering innovation and European industry through European Structural and Investment Funds (five funds worth over €450bn), Horizon 2020 (€77bn from 2014-2020), the Connecting Europe Facility (€30.4bn from 2014-2020), and COSME (over €2bn for SMEs until 2020).



Reaping the benefits of **open** and **rules-based trade** and upholding **fair competition** for our industry

Improving our industry's export ability and access to global value chains

Our industry and economy depend on open, fair and sustainable international trade. The EU-Canada trade agreement will have a transformative effect: exports to Canada already support around 865000 European jobs and by removing almost 99% of tariffs we will help our businesses save over €500 million a year. In July, the EU and Japan – who together account for about a third of world trade – reached a political agreement on an ambitious Economic Partnership. On 13 September, the Commission proposed to open trade negotiations with Australia and New Zealand which are estimated to increase EU exports to both countries by about a third in the long term.

Increasing the firepower of the Juncker Plan

The "Juncker Plan" – the Investment Plan for Europe – has already triggered investment worth €225 billion and leveraged significant private investment into digital infrastructure, energy, transport, research and innovation projects. It has provided finance for the Nord Pas-de Calais region to support its move to a low-carbon economy, helped Polish steel wholesalers to introduce new services and create new jobs, and supported the construction of a new bio-product mill in Finland as well as Europe's first facility for recycling and re-melting titanium metal and many more. An agreement in principle has been reached to increase the target of investment mobilised from €315 billion to at least half a trillion euro by 2020.

Ensuring a global level playing field for European companies

Open trade must be fair and sustainable. We continue to act decisively, taking measures against unfair trade practices like we do when imposing anti-dumping duties. Once adopted by the co-legislators, two Commission proposals on the modernisation of trade defence instruments (2013) and on a new anti-dumping calculation methodology (2016) will make these means even more effective. The Commission also calls for a swift adoption of its revised Proposal for an International Procurement Instrument to promote open and reciprocal access to public procurement markets.

Screening foreign direct investments **NEW**

EU rules must adapt to concerns that in some cases foreign investors – sometimes owned or controlled by the State of a third country – might seek to acquire strategic assets that allow them to control or influence European firms whose activities are critical for our security and public order. In September 2017, the Commission proposed a European framework for screening foreign direct investments that may pose such a threat.



Supporting industrial innovation **on the ground**

Helping turn research into breakthrough innovation which results in new markets

The EU is helping to develop an innovation friendly ecosystem in Europe. The Horizon 2020 funding programme will be geared to more effectively support market-creating innovation, and a new Venture Capital Fund of Funds will facilitate access to finance for riskier projects. Tax simplification measures will be a further incentive for business to expand.

UNLOCKING THE POTENTIAL OF STRATEGIC SECTORS

The strong industrial focus of these policies has been complemented by sector-specific measures like in the case of the space, defence, automotive and steel industries, and through a strong focus on Key Enabling Technologies.

A strong focus on Key Enabling Technologies (KETs)

Key Enabling Technologies are among the priority action lines of European industrial policy. Currently, there is a group of six technologies: micro and nano-electronics, nanotechnology, industrial biotechnology, advanced materials, photonics, and advanced manufacturing technologies. They provide the basis for innovation in a range of products across all industrial sectors. They underpin the shift to a greener economy, are instrumental in modernising Europe's industrial base, and drive the development of entirely new industries. The EU aims to increase the exploitation of KETs and to reverse the decline in KETs-related manufacturing and patents being exploited outside the EU as this will stimulate growth and jobs.



Europe has a strong and competitive **space industry**. EU space programmes Copernicus, EGNOS and Galileo already support a range of sectors and areas such as agricultural management, response to natural disasters, air traffic, and protection of infrastructures. The EU alone is investing over €12 billion in space activities between 2014-2020. The Commission's "Space Strategy for Europe" (October 2016) proposes actions to maximise the benefits offered by space, create the right ecosystem for space start-ups to grow and increase Europe's share on world space markets.

A strong Europe in defence requires a strong **defence industry**. The European Defence Fund (launched June 2017) will act as a catalyst for a competitive and innovative European defence industry, including its many SMEs and mid-cap companies. The Commission has earmarked €590 million to support defence by 2020 and proposes to allocate at least €1.5 billion each year after that to complement and leverage national contributions. The Fund can help research and prototype development in areas which could include electronics, metamaterials, encrypted software or robotics.



The Commission's work for a clean, sustainable and competitive **car industry** encompasses a wide range of policy areas and initiatives: ensuring that emissions legislation is respected, introducing more robust and accurate emissions tests, proposing a full overhaul of the type approval system, promoting a shift to zero-emissions vehicles, and fostering connected mobility solutions, equipment and vehicles and a modern infrastructure to support them.

With the Communication **Steel**: Preserving sustainable jobs and growth in Europe, the Commission took steps to strengthen the EU's defence against unfair trading practices. Action at EU and national levels was proposed to address long-term challenges and sustainability of the European steel industry, notably through modernisation and investments in innovation (e.g. through public-private partnerships).

