

# THE INDUSTRIAL POLICY OF THE EUROPEAN UNION

Theoretical  
articles

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## Abstract

*In this paper we will try to analyze the industrial policy of the EU, one of the seven flagships of the Europe 2020 strategy. It is recognized the fact that initiatives and transversal policies are needed in order to meet the challenge of enhancing industrial production across Europe. We will underline also the social dimension of the industrial policy. This policy relates both to restructuring and anticipation. Complementarities between national and EU interventions in industrial policy are a fundamental condition for the success of European industrial policy. We believe that a comparable coordination can be achieved in strengthening of framework conditions for industry, innovation and job creation.*

## **Industrial policy in the European Union Industrial policy as a flagship in the EU**

Industrial policy represents one of the seven flagships of the Europe 2020 strategy, as stated by the European Commission. It is meant to be a building block of an EU Growth Initiative but it is considered that on this topic there is much talk but too little effective action until nowadays. The European Economic and Social Committee urged, in July 2013, the Commission, the Council and the European Parliament to coherently intensify transversal policies and initiatives in order to meet the challenges of enhancing industrial production across Europe. (EESC, 2013,CCMI/108)

It is believed that focus is needed in various Councils, in the Commission and the European Parliament as to promote state-of-the-art policies across Europe. In addition, the EU might need an optimal convergence of 27 national and industrial policies which do not exist today. In this respect we can mention that geopolitical imbalances should be addressed due to the fact that fragmentation may be considered damaging while diversity can be an asset.

In the context of rising unemployment, low growth and shrinking budgets, innovation and industry are needed to stimulate prospects. One must struck a right balance between a fiscal consolidation, industrial policies, national reforms if investments and job creation are wanted. There is a concern regarding the fact that the goal of 20% manufacturing industry by 2020 will require massive investments and policy adjustments. In addition, an improvement of the productivity is essential.

The policies of the EU should be sector-specific and should address technical-economic capabilities and future challenges. We believe that these principles, as stated by the Commission, should be applied also for carrying out the objectives of the Resource efficiency flagship, aiming at increasing efficiency in

the use of raw materials and intending to promote innovation and to foster the resilience of European companies.

## **Social dimension of the EU's industrial policy**

The social dimension of the industrial policy of the EU affects various layers of society, such as municipalities, regions, business, workforces, the education sector, consumers and citizens.

Industrial policy is related to anticipation and restructuring and it should help to provide up-to-date education, information and training. It also should foster innovation, creativity, technology and entrepreneurship. Demographic changes should be taken into consideration as well.

Some ambitious regions can boost industrial performances. In such a case, EU and Member States should encourage their self-reliance practices, including specialization and corresponding research, qualifications and clusters. (EESC, 2013, CCMI/108) It is widely admitted the fact that EU-Member States Partnerships agreements and networking among Member States and regions must be intensified.

Efforts should be made to avoid the further fragmentation of the EU's internal market because this is hampering potential growth factors in Europe. The fragmentation is due to the fact that many policies and financial arrangements are primarily national oriented.

## **International context and Europe**

Worldwide productivity represents an important factor and nowadays more than ever due to the fact that competition is rising even from the part of the BRICS countries. One should also take into account the energy prices, the appreciation of the euro etc. which can stimulate investments abroad for the EU's citizens or companies.

Europe is lagging, in innovative performances and technology specialization, behind the US and Japan but is strongly represented than the US in the medium-low and medium-high technology industries.

An analysis of the Commission on European and per-country trends underlined that the situation of the manufacturing industry is different among countries, from Germany with nearly 30% of manufacturing industry in Europe to countries with much lower percentages. (Commission Staff Working Document, 2012)

National concepts of industrial and innovation policies are mainly identified by national frameworks and relations between the private and public sectors and are driven by national traditions and procedures, a fact that led to a kind of fragmentation of the single market.

An accelerated modernization is needed in order to avoid obsolete structures in industry and in decision-making. There is also an urgent need for results regarding the innovative processes and job creation, as well as in the change of the patterns of manufacturing, commercialization and services.

We should mention the initiatives Horizon 2020, competitiveness proofing, industrial innovation, resource efficiency, access to finance, skills and education, increased awareness of complications in international investments and transfer of technology.

## Conclusions

EU Industrial policy should be a process of sharing EU's and national

competences and visions and also shared actions having as full partners business circles and trade unions. Other stakeholders such as the education sector, universities, NGOs, consumers should be equally committed.

Even if there are differences in economic output and in the proportions of the manufacturing sector among the Member States, all should benefit from the industrial policy, from its approaches and from best practices.

Science, knowledge, innovation and creativity have been the building blocks of European prosperity since before the Industrial Revolution. (EESC, 2013a) Europe is still facing nowadays challenges such the investment gap in comparison with its rivals like the US and Japan and competition from the emerging power such as China and Brazil, beside the fragmentation of the EU's internal market.

All Europeans could benefit from the creative diversity existent in Europe only if convergence to common goals is ensured. As a consequence, an optimal balance between creative diversity among Member States and convincing and transparent convergence is needed.

## References

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