

COUNCIL CONCLUSIONS

of 27 November 2003

on the contribution of industrial policy to European competitiveness

(2003/C 317/02)

THE COUNCIL OF THE EUROPEAN UNION

sectors in the European Union, including those with a high growth potential;

I. IN RELATION TO HORIZONTAL ISSUES

1. RECALLING:

- the Commission communication on 'an integrated approach to competitiveness' ⁽¹⁾;
- the contents of the 'Competitiveness report (2003)' ⁽²⁾, the 'Enterprise scoreboard (2003)' ⁽³⁾, the 'Innovation scoreboard (2003)' ⁽⁴⁾ as well as the 'State aids scoreboard (2003)' ⁽⁵⁾ drawn up by the Commission;

2. RECOGNISING that:

- a fully integrated approach to enhance competitiveness requires coherence, synergies and complementarities between policies;
- industrial competitiveness is one of the key areas where such an integrated approach is required;
- both the European Union and the Member States have active roles to play in successfully developing this approach;
- it is essential to continue to develop, where necessary, the means for coordinating activities relevant to industrial policy undertaken by the Member States and by the European Union to meet the objectives set by the Lisbon strategy;
- all policies related to enhancing competitiveness should be based on a careful analysis of the relevant aspects, as well as on an equilibrium between the economic, social and environmental pillars of sustainable development;
- sectorial analysis should contribute to sharpening horizontal policies and to addressing the needs of industrial

- Community and national policies, whilst pursuing their primary objectives, should also contribute to improving the framework conditions for European competitiveness and to creating a favourable environment for enterprise;

- open and transparent consultation of stakeholders and ongoing assessment of the impact on EU enterprises of all major legislative and other proposals are needed; while the Commission's proposal on chemicals is a first case for implementing this approach, the Commission's annual work programme will provide an important basis for systematic impact assessment by helping to identify other proposals likely to have a significant impact on competitiveness;

- social dialogue constitutes an important element for a successful industrial policy;

- it is necessary to improve the European industrial framework with a view to avoiding de-industrialisation, and that further analysis is needed in this respect;

3. WELCOMES the report by the Commission services on competitiveness, as well as the enterprise, innovation and State aids scoreboards, which are important instruments for developing a systematic analysis of the state of competitiveness of the EU economy;

4. TAKES NOTE of the findings of these reports and, as a result, UNDERLINES in particular that:

- prospects for raising the standard of living in the European Union are directly related to enhancing the competitiveness of EU enterprises across all sectors: additional actions to increase both employment and labour productivity are needed to meet the objectives of the Lisbon strategy;

- positive developments in terms of innovation, ICT investment, internet penetration and commercial use, as well as e-government need to be complemented by organisational innovation, so as to exploit their full potential;

- delays in achieving the Lisbon objectives need to be addressed both by structural reforms and by appropriately stimulating entrepreneurship, competitive conditions, innovation and providing venture capital and guarantee mechanisms at EU, national and regional levels;

⁽¹⁾ See doc. 15287/03 COMPET 70 IND 171 MI 299 RECH 234 ECO 251 ECOFIN 382.

⁽²⁾ See doc. 15217/03 COMPET 69 IND 169 MI 296 RECH 231 ECOFIN 375 ECO 249.

⁽³⁾ See doc. 15036/03 COMPET 63 IND 165 MI 292 ECO 244.

⁽⁴⁾ See doc. 14793/03 COMPET 61 IND 159 MI 282 RECH 205.

⁽⁵⁾ See doc. 14584/03 RC 13 ECO 221.

- education, lifelong learning, the qualification level of the workforce and the quality of work output are important factors for European industrial competitiveness;
- for growth prospects to be strengthened, and thus to create more employment, the EU and Member States must encourage high productivity and competitiveness, as well as those aimed at facilitating structural change and industrial modernisation, bearing in mind the challenges and opportunities resulting from enlargement.

In response to the foregoing considerations:

5. INVITES European Industry to:

- use its technological and organisational excellence to improve its competitiveness and attain market leadership, notably through increased investments in RTD, innovation and improved training of the workforce;
- make use of the specific competences and skills of workers and enterprises in the acceding countries for improving Europe's position in global markets;
- continue to adapt in order to meet the challenge of global competition;
- assume its corporate social responsibility for improving the competitiveness of European industry;

6. INVITES the Member States and the Commission, within their respective competences, to:

- implement structural reforms and policy measures aimed at achieving a business environment conducive to entrepreneurship, innovation and industrial competitiveness taking into account the principle of better regulation;
- encourage enterprises to increase investment, innovation and productivity in order to create growth and jobs, including through venture capital and clustering, as well as organisational innovation;
- continue initiatives aimed at strengthening industrial competitiveness, notably by taking into account the needs and specificities of individual sectors;
- further improve methods of applying impact assessment to regulatory proposals;
- encourage the increase of labour productivity in the industrial sector;

- continue efforts to extend e-government and encourage the commercial use of the Internet;
- facilitate management of industrial change, *inter alia* through promoting foresight studies;
- set voluntary targets in the area of innovation, as a basis for the Commission's periodic assessments of progress made;
- after undertaking analysis, take action: either in the regulatory field in accordance with the principle of better regulation, or in the area of fostering research, innovation and entrepreneurship, where appropriate through the open method of coordination;

7. LOOKS FORWARD to receiving from the Commission:

- the Action Plan on Entrepreneurship referred to in its Conclusions of 3 March 2003 ⁽¹⁾;
- an Innovation Action Plan with specific actions aimed at mobilising resources and policies in order to boost the innovative performance of European enterprises;
- a Communication in the first half of 2004 which will report on follow-up activities, notably the application of industrial policy to specific sectors, the screening exercise and the issue of de-industrialisation with a view to improving the impact of EU policies on the competitiveness of industry;

8. UNDERTAKES, with a view to providing a structured contribution to the Spring European Council, indicating priority actions to examine in depth:

- the overall state of competitiveness of the EU and notably, in cooperation with the Commission, proposals having a significant impact on competitiveness,
- the Commission's communication on an integrated approach to competitiveness.

II. IN RELATION TO SECTORIAL ISSUES

1. RECALLING the Commission's communications on:

- 'The future of the textiles and clothing sector in the Enlarged European Union' ⁽²⁾;
- 'LeaderSHIP 2015 — Defining the Future of the European Shipbuilding and Ship-Repair Industry — Competitiveness through Excellence' ⁽³⁾;

⁽¹⁾ OJ C 64, 18.3.2003.

⁽²⁾ See doc. 14314/03 COMPET 56 IND 149 MI 269 RECH 190 ECO 217 TEXT 17 WTO 115.

⁽³⁾ See doc. 15288/03 COMPET 71 IND 172 MI 300 RC 20 RECH 235 ECO 252 ECOFIN 383 WTO 131.

— 'A coherent Framework for Aerospace — a Response to the STAR 21 Report' ⁽¹⁾;

2. RECALLING the Commission's communication on 'Industrial policy in an enlarged Europe' ⁽²⁾, as well as the Council Conclusions of 13 May 2003 on 'Industrial competitiveness in an enlarged Europe' ⁽³⁾, where, *inter alia*, the Commission was invited to establish concrete ways in which industrial policy can contribute to achieving the Lisbon objectives;
3. REITERATING the need to ensure that EU horizontal policies aiming at securing framework conditions favourable to industrial competitiveness take into account the specific needs and characteristics of individual sectors, as well as those of small and medium enterprises, in particular new innovative SMEs; ACKNOWLEDGING that the implementation of the European Charter for Small Enterprises plays a significant role in this respect;
4. WELCOMES the initiatives proposed so far by the Commission to improve European competitiveness, notably in the individual industrial sectors addressed below including interrelated areas and looks forward to receiving further Commission communications in relation to other important industrial sectors.

Regarding TEXTILES AND CLOTHING:

5. RECOGNISES that:

- while the textile and clothing industry, from synthetic fibres to industrial and technical products, is an important overall contributor to employment, production and export in the enlarged European Union, it also has a particular impact on the economy of certain regions;
- the European textile and clothing sector is facing new and continuous challenges, in particular the abolition on 1 January 2005 of quantitative restrictions (quotas), a permanent process of restructuring and modernisation as well as a marked slowdown in economic activity, production and employment;
- the textile and clothing industry has high capacity for development and innovation, readiness to learn from 'success stories' and ability to adapt itself to change;

6. STRESSES the strategic importance of the interaction of different policies such as research and development, innovation, information and communication technologies, vocational training and the protection of intellectual

property rights, in order to strengthen a competitive sector that continues to provide employment;

7. NOTES

- the importance for the competitiveness of the EU textiles and clothing sector of ensuring a positive trade policy framework to allow open and fair trade, in particular better access to third countries' markets;
- the important contribution that could be given by speedy entry into force of the Euro-Mediterranean Free Trade Area;

8. STRESSES the importance of encouraging the efforts of stakeholders to reinforce corporate social responsibility, and, on a voluntary basis, to promote 'ethical commerce' based for example on labelling;
9. WELCOMES the intention of the Commission to create a High-level Group with representatives of Member States and stakeholders in order to stimulate the debate on the situation and on the future of the textiles and clothing sector in the enlarged EU and on possible initiatives and recommendations aimed at facilitating the sector's adjustment to the challenges ahead.

In response to the foregoing considerations:

10. INVITES Member States, in line with overall Community policies, to take appropriate action so that the European textile and clothing sector can face its challenges, *inter alia* through research, education and training;
11. INVITES the Commission to regularly inform the Council on the results of the high-level group discussions on textiles and clothing and report back, for the first time before the end of July 2004, on initiatives deemed appropriate in this respect, which may take the form of an Action Plan.

Regarding SHIPBUILDING:

12. RECOGNISES

- the strategic dimension of shipbuilding and ship repair for Europe, particularly with regard to: the trade in manufactured goods for import and export, employment opportunities, including those provided by the marine equipment industry, defence needs, the competitiveness of ports and maritime activities in Europe, the development of advanced technologies and the retaining of know-how;

⁽¹⁾ See doc. 13705/03 COMPET 49 IND 140 RECH 176 TRANS 263 POLARM 24.

⁽²⁾ See doc. 5078/03 IND 1 ECO 2.

⁽³⁾ OJ C 149, 26.6.2003.

- the important role that the European shipbuilding industry should play, together with Community institutions and Member States, in the improvement of maritime safety and global environmental protection, promoting intermodality, by means of the appropriate instruments and programmes and with regard to the successful development of short sea shipping;
 - the trade distortions and overcapacity which still affect the world market for shipbuilding;
13. STRESSES that the EU should maintain a policy approach aimed at enhancing the industrial competitiveness of this sector; particular efforts are needed regarding:
- the development and harmonisation of rules and regulations affecting the European defence market;
 - EU State aid rules on investment in innovation, where the specific conditions of the shipbuilding industry should be taken into account, in order to allow the implementation of workable and effective programmes aiming at maintaining the technological leadership of the European industry;
 - full use of the possibilities of Member States to encourage research, development and innovation in an effective way;
 - protection of intellectual property rights by Member States and industry, by making full use of the existing instruments as well as by examining the possibility of strengthening the enforcement of international patent rules applicable to shipbuilding;
 - facilitating a consolidation process among European producers through the creation of adequate framework conditions by the Member States and by the Commission;
 - encouraging approaches designed to bring about greater cooperation between naval and civilian shipbuilding resources in Europe, based on market mechanisms involving companies in the areas of commercial and naval shipbuilding and marine equipment;
 - analysing and addressing new skill requirements, ideally in the context of the social dialogue within the sector.

In response to the foregoing considerations:

14. INVITES Member States, in line with overall Community policies, to take appropriate action so that the European shipbuilding sector can face its challenges;

15. INVITES the Commission to:

- continue efforts in the framework of WTO and OECD to establish, at a global level, fair competition in the shipbuilding industry;
- examine the consequences of the expiry of the temporary defensive mechanism for shipbuilding, particularly in connection with the timetable for the WTO dispute settlement procedure;
- inform the Council regularly on the results of the LeaderSHIP 2015 initiative and to report on the implementation of its recommendations before the end of 2004;
- examine, together with the shipbuilding industry, whether a European entity, such as e.g. the European Investment Bank, could take a leading role in pre- and post-delivery financing for shipbuilding projects.

Regarding AEROSPACE:

16. RECOGNISES that the aerospace industry:

- engenders and promotes key skills and technologies, is an important driver for innovation and helps maintain global competition across a wide range of products in commercial and strategic markets;
- brings together several segments, such as civil aeronautics, defence and space, and that important market segments require a stronger European dimension so as to increase competitiveness;

17. STRESSES the need for:

- a consolidated industrial and institutional approach to maintain and develop the European space industry, while noting the good progress being made in relation to Galileo and the Global Monitoring for Environment and Security (GMES) and in relation to developing the cooperation between the European Space Agency and the European Union;
- better coordination of civil and defence-related aerospace programmes at a European level, as well as for the efficient allocation of resources;
- a fully operational European Aviation Safety Agency (EASA), to provide the EU with a suitable regulatory environment capable of meeting its internal and international needs;
- improving technology transfer, in particular in relation to SMEs working as subcontractors;

18. ACKNOWLEDGES the Commission's proposed preparatory action on security research and TAKES NOTE of the ongoing work leading to the planned creation of an inter-governmental agency in the field of defence capabilities, development, research, acquisition and armaments.

Agreement and the Action Plan for implementing the European Space Policy ⁽¹⁾;

— pursue the ongoing efforts in relation to the European Aviation Safety Agency becoming fully operational;

In response to the foregoing considerations:

— take the necessary steps, as appropriate, to continue to back the implementation of the agency in the field of defence capabilities development, research, acquisition and armaments, including continuing the efforts of the Member States in liaison with the Commission towards the creation of an internationally competitive EU defence market, as appropriate.

19. INVITES the Member States and the Commission, within their respective competences, to:

— continue, in cooperation with ESA, the ongoing efforts to develop a coherent European space policy, taking into account the provisions of the EC-ESA Framework

⁽¹⁾ See doc. 14886/03 RECH 211 COMPET 62 IND 164 TRANS 293 POLARM 36.

COUNCIL RESOLUTION

of 27 November 2003

on equal access to and participation of women and men in the knowledge society for growth and innovation

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linked with ICTs and in particular groups such as unemployed women; and

1. RECALLING:

that one of the objectives of the European Union is to eliminate inequalities and to promote equality between men and women in all its activities;

the Lisbon Strategy, which drew attention to the importance of equipping all citizens with the skills needed to live and work in the knowledge-based society, and to the need to raise the present employment rate of women;

the European Councils in Brussels (March 2003), Seville, Barcelona and Nice, which in turn:

— WELCOMED the strengthening of the implementation, coordination and follow-up of gender equality and gender mainstreaming in the European Union and requested that employment guidelines should address *inter alia* entrepreneurship and gender equality;

— ENDORSED the objectives of the Commission's Action Plan for eEurope 2005 — an information society for all, thereby addressing the need to provide the workforce with the key skills required for the knowledge-based society;

— CALLED UPON the Council to ensure that all citizens are well equipped with basic qualifications, especially those

— UNDERLINED that the European Social model includes the fight against all forms of discrimination, that gender equality at work must underpin the transformation to the knowledge-based economy and that more and better jobs are the key to social inclusion;

the Council Resolution of June 2001 on Science and Society and on Women in Science ⁽¹⁾, which invited the Commission to continue and intensify its effort to promote the role of women in science and technology, and in particular within the sixth framework programme;

the Council Conclusions of March 2003 on the Promotion of Entrepreneurship and small firms ⁽²⁾, which stressed the need to encourage women entrepreneurs in order to create more new innovative and competitive firms;

the Council Conclusions of May 2003 on Adapting e-Business Policies in a Changing Environment ⁽³⁾, which underlined the need to narrow and close e-skills gaps and the need for inclusiveness of the entire available potential labour pool addressing in particular the severe under-representation of women in the ICT workforce;

⁽¹⁾ OJ C 199, 14.7.2001, p. 1.

⁽²⁾ OJ C 64, 18.3.2003, p. 6-8.

⁽³⁾ OJ C 149, 26.6.2003, p. 7-9 and Doc. 9857/03.