



Mr. Antonio TAJANI
Vice-President
European Commission
Rue de la Loi 200
B – 1049 Brussels

26 July 2012

Dear Vice-President,

A strong and competitive industry in the European Union is a key condition to ensure recovery of the economy. Manufacturing industry alone accounted for 18.7% of EU GDP in 2010, and broader private sector led growth is required to drive employment and rising living standard. But industry is currently under pressure as political uncertainty weighs on investors' confidence, manufacturing output now being 9% below its February 2008 peak.

At the June European Council, EU leaders committed to deepening the single market and encouraging private investment. By broadly agreeing to the Commission's country specific recommendations, they also signalled their ongoing commitment to essential structural reforms. As BUSINESSEUROPE argued in its five-point plan for doubling EU's growth rate to 2.5% '*Growing out of the crisis*', such steps are necessary, but by no means sufficient.

You will soon be reviewing implementation of the **EU industrial policy**. This is essential because the European Commission is not sufficiently living up to its commitment to create the right conditions for industrial investment and innovation in Europe. We therefore count on you to redouble efforts to speed up an EU approach for market-oriented industrial policies guaranteeing that competitiveness is present in all European initiatives.

In particular, the forthcoming new communication on industrial policy has to speed up appropriate decisions to deliver concrete measures on the following European industry priorities:

Smart regulation and better involvement of industry

Growth and competitiveness call for effective regulation which imposes minimal costs for companies. It will not happen without an engagement with industry at every stage of the policy process, ensuring that investment cycles are thoroughly considered. BUSINESSEUROPE has set out its priorities for smart regulation on several instances, calling for further efforts to ensure a true change in the regulatory process, with the emphasis on results for end-users.

The new communication should emphasise the importance of implementing and enforcing existing rules better, for instance through reinforced market surveillance. It must also make it possible to accelerate decision-making with a view to:



- Integrating the industrial competitiveness dimension in all EU policies, in particular by applying competitiveness-proofing to policy and legislative proposals (see annex). The impact of more strategic policy initiatives must also be evaluated, as well as European Parliament amendment proposals and initiatives within Member States.
- Querying the transparency deficit associated with inter-institutional agreements for first-reading agreements on legislative proposals and responding to the problem posed by the proliferation at European level of political and/or legislative initiatives and public consultations.

Access to raw materials

The competitiveness and sustainability of European industry is highly dependent on fair, secure and uninterrupted access to raw materials. EU efforts on export restrictions and protectionism therefore have to be pursued. BUSINESSEUROPE strongly supports the EU Raw Materials Initiative, recognising however that the development and geopolitical aspects of the strategy need to be reinforced as follows:

- Support the efforts of EU companies to secure the supply and improve the diversification of EU raw material sources. This should be developed through a closer dialogue between the EU and companies operating or depending closely on raw materials markets to identify potential international partners and projects of interest to the EU economy.
- Further invigorate the complementarities between the EU trade and development policies. An effective *EU Resource Diplomacy* should be established, that could be used as leverage for European industries to engage in partnerships in resource-holding countries. Trade instruments such as Economic Partnership Agreements should be used to improve governance and investment conditions in resource-holding countries.
- Ensure that transparency requirements do not lead to competitive and commercial disadvantages for the European extractive sector. The European Commission should continue to support the Extractive Industries Transparency Initiative (EITI).

Moreover, in order to enhance the sustainable supply of raw materials within the EU:

- Promote research and innovation in all stages of raw materials value-chain by making full use of the EU Innovation Partnership on Raw Materials (EIP) and the Knowledge and Innovation Communities (KIC).
- Ensure that environmental legislation, particularly the regulation of the exploitation of raw materials, does not undermine security of supply for raw materials.

Access to finance

Access to finance is becoming a pressing issue for companies. It is important to recognise the impact changes in legislation affecting financial services institutions have on the availability and cost of finance for end-users – firms in the real economy which are the drivers of industrial policy.

The proposed strengthening of the European Investment Bank decided at the 29 June European Summit should make it possible to broaden the supply by EIB/EIF of loan, mezzanine and equity finance for SMEs. The creative solutions initiated under the Commission SME Finance Action plan must be intensified, for instance by promoting pooled corporate bond issuance for SMEs. It is vital to introduce an SME supporting factor in the proposals regarding bank capital requirements. The development of non bank funding for SMEs, including through equity markets, should also be promoted.

Innovation and skills

An industrial policy has to ensure that Europe is fit for the future by safeguarding indispensable investments. Europe needs to increase its research and innovation investments, while ensuring adequate protection of intellectual property rights (including trade and business secrets). Policy solutions are urgently needed to bridge the gap between research and market deployment, to support, maintain and strengthen European leadership in enabling and industrial technologies, including those required to address the societal challenges.

Four million jobs are vacant in the EU due to mismatch between the skills of the unemployed and the skills required for available jobs. Europe should make sure that a sufficient number of highly skilled and educated workforce are trained every year to meet the demand of companies, in particular by increasing the number of students in Science, Technology, Engineering and Mathematics (STEM). The role of the EU is primarily to support Member States' efforts to modernise education and training. For example, the EU should provide seed funding to Member States willing to establish or reform dual learning systems.

Initiatives at sectoral level

Finally, BUSINESSEUROPE very much encourages the European Commission to intensify its dialogue with the industrial sectors and to learn lessons from its industrial sector-specific work for the further design of EU industrial policy.

We would be pleased to provide you with any further information, and are at your disposal for further dialogue on these issues.

Yours sincerely,



Philippe de Buck



Encl.: 1



Annex: BUSINESSEUROPE's views on EU policy and legislative proposals for which 'competitiveness-proofing' shall apply as a priority

Although the European Commission objective is rightly to submit all policy / legislative proposals with a significant effect on industry to 'competitiveness proofing', it appears to be still in a transition period. Therefore, BUSINESSEUROPE urges the European Commission to give priority to a complete 'competitiveness-proofing' of the following initiatives:

Environment and Energy:

- Report on the carbon market and possible back-loading proposal under the ETS Directive
- Commission Directive establishing calculation methods and reporting requirements, pursuant to Directive 98/70/EC ("Fuel Quality Directive")
- Communication by the European Commission on "Green Single Market for Green Growth" and accompanying documents
- Proposal for a 2030 policy framework on GHG, renewable and energy efficiency
- Proposal for 2020 targets for resource efficiency and decoupling of key resources e.g. raw materials, water, land, etc.
- Proposal for a revision of the National Emission Ceilings Directive and the Ambient Air Quality Directive
- Forthcoming review of the list of sectors exposed to carbon leakage under ETS
- Revision / development of BREFs under the Industrial Emissions Directive

Financial and Social Affairs:

- Proposal to revise current provisions of the Accounting Directive on disclosure of non-financial information.
- Any legislative initiative that is put forward in the field of ergonomics (including work-related musculoskeletal disorders)

Single Market:

- Proposals on the revision of the legislative framework for Product Safety
- Proposal on a Common European Sales Law
- Any legislative initiative to provide open access to scientific information produced in EU, based on its comprehensive Open Data Strategy
- Proposal for a revision of the Institutions for Occupational Retirement Provision (IORP) Directive

Trade affairs:

- Expected Commission proposal to formally enter into FTA negotiations with Japan