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COMMUNICATION FROM THE COMMISSION

TO THE COUNCIL, THE EUROPEAN PARLIAMENT,
THE ECONOMIC AND SOCIAL COMMITTEE
AND THE COMMITTEE OF THE REGIONS

**ACTION PROGRAMME AND TIMETABLE
FOR IMPLEMENTATION OF THE ACTION
ANNOUNCED IN THE COMMUNICATION ON
AN INDUSTRIAL COMPETITIVENESS POLICY
FOR THE EUROPEAN UNION**

**Proposal for a Council Decision
on implementation of a Community action programme
to strengthen the competitiveness of European industry**

(presented by the Commission)

- In its resolution of 8 November 1994 on the strengthening of the competitiveness of Community industry the Council called on the Commission "*to submit to it... a schedule for the drafting of appropriate proposals formalising the initiatives announced by the Commission in its communication on "An industrial competitiveness policy for the European Union" in the areas of intangible investments, industrial co-operation, competition and modernisation of the role of public authorities.*"
- In response to this request, the Commission hereby submits:
 - its priorities for action to implement its industrial competitiveness policy;
 - a draft proposal for a Council Decision on implementation of a Community action programme to strengthen the competitiveness of European industry;
 - an action programme and timetable for an industrial competitiveness policy for the European Union.

1. PRIORITIES FOR ACTION

- The Treaty on European Union calls on the Community and the Member States, acting in line with the subsidiarity principle, to ensure that the conditions necessary for the competitiveness of the Community's industry exist.
- To this end, the Commission submitted the communication on "*An industrial competitiveness policy for the European Union*" (COM(94)319, 14 September 1994).

This communication was based on the basic principles of an industrial policy for the Community defined in the 1990 Commission communication on "*Industrial policy in an open and competitive environment*", the conclusions of which were fully approved by the Council.

It must be remembered that:

- although it is up to businesses to make sure that they are competitive on the market, it is up to the public authorities to create an environment propitious for strengthening industrial competitiveness;
- as provided for by Article 130 of the Treaty on European Union, the Union and the Member States share responsibility for implementation of an industrial competitiveness policy in which industry too must be closely involved.

It should also be remembered that there is an increasingly direct correlation between economic and social cohesion and industrial and economic performance which must be taken account of. It must be ensured that industrial competitiveness and economic and social cohesion each add strength to each other. Greater economic and social cohesion can generate externalities which make the private sector more efficient by improving infrastructure and optimising the general level of investment. Future competitiveness must rely less upon economies of scale and large series and more upon the capacity to assimilate information and to ensure its appropriate dissemination, thereby offering the possibility of decentralised industrial growth.

The Commission considers four objectives particularly important in industrial competitiveness policy:

- development of the internal market;
- better taking industry's needs into account in research policy;
- establishment of the information society;
- promotion of industrial co-operation.

— *Development of the internal market*

The internal market completed in 1993 is the Union's greatest contribution to strengthening the competitiveness of European industry. The top priorities now for the Union are, on the one side, to solve problems still existing in some specific areas, and on the other side, to ensure that the single market operates effectively so that business and consumers can reap its full benefit. This means completing the legislative framework, ensuring its practical application and improving the business environment. Single market liberalisation must also be extended to those sectors where it has so far had little impact. Likewise company law is one domain where the progress remains insufficient.

Within this framework, the rapid completion of the internal energy market constitutes an essential factor, because, in particular, of the importance of energy for the competitiveness of European industry. In the field of energy however the internal market is not yet completed. The inclusion of energy in the internal market by the way of more open and competitive behaviours is at the centre of the Commission action in the gas and electricity sectors (cf. Commission communication on the completion of the internal electricity market (COM(95)80)). This objective has been reaffirmed many times by the Council and the European Parliament.

The Union and the Member States play an essential role in this process, given their responsibility for the regulatory environment, where the right balance must be struck between Community and national legislation and to ensure its effective and balanced implementation.

To bring the internal market into operation, the Commission has adopted an approach - known as "new approach" - which goes no further than to impose compliance with requirements in the public interest, for example to protect health or consumer safety, but leaves it to industry to choose the technical means of achieving this, in particular by the way of standardisation. It is this choice of means which enables industry to demonstrate its competitiveness. If this approach is to be fully effective, the Member States must refrain from filling the room for manoeuvre left to industry with national regulations. According to this approach, at Community level, the harmonisation of national legislation is to be continued, where necessary, as well as the application of the mutual recognition principle. This will prevent groundless conflicts concerning differences in legislation between Member States. Furthermore, the Commission will continue to exercise its monitoring powers to the benefit of the Union, its industry and its citizens.

— ***Better taking industry's needs into account in research policy***

Innovation plays a decisive role in improving awareness of market trends and, hence, industrial competitiveness. If research results are to be used for the benefit of industrial competitiveness, dissemination, transfer and uptake of the results by industry must be improved.

The Union, the Member States and industry too must help to step up research and training to technologies efforts in order to put businesses in a better position to keep ahead of technological changes and the markets and to apply the appropriate strategies.

To achieve this, the Commission plans a series of joint projects in the interest of industry designed not only to bring research closer to industry's concerns, particularly on high growth labour intensive markets, but also to strengthen the synergies and co-ordination with the efforts made by the Member States, the Union and industry itself. At the same time they will make the Community's technological achievements more visible to the general public.

The Commission is also preparing a communication on closer co-ordination between research and industry and a green paper on promotion of innovation policies in the European Union. It prepares also according to the terms of Article 130P of the Treaty an annual report on the execution of Community's research activities.

— *Establishment of the information society*

The establishment of the information society will have a decisive effect on all industrial activity in the Union. Its rapid emergence makes European industry's capacity to extend and manage knowledge more important than ever.

The conditions for access to information, to the networks carrying it and to services making it easier to use are playing a growing role in industrial competitiveness. The availability, quality and, above all, lowering of the cost of telecommunications infrastructure and services are now key factors in the European Union's industrial competitiveness. This is why it is necessary to accelerate the present process of liberalisation of the telecommunications sector by the way of opening to competition the infrastructures and services which are still in a monopoly situation.

In this context it is important to mention the role of workers' skills. Therefore it is necessary to accompany the development of the information society with that of the education and training society.

The emergence of the information society is creating new markets generating large numbers of jobs. Industry in the European Union, particularly the telecommunications industry, has proved its capacity to design and manufacture the tools for the information society of the future. Increasingly, development of the contents and of the services for stimulating the demand and use of information is becoming the crucial question.

The Commission has made proposals already in the communication entitled "*Europe's way to the information society - an action plan*", the follow-up to the May 1994 report on "*Europe and the global information society*" by the high level working party chaired by Mr Bangemann.

The measures set out in the action plan cover the regulatory and legal aspects of communications in Europe, including measures to provide trans-European networks, contents, services and applications, protection of privacy and personal data, and a series of works on social and cultural issues.

To capitalise fully on the opportunities opened up by the information society and avoid some of the risks, the Commission has taken a series of measures. Two forums have been established - one on the information society to address the challenges posed by the arrival of the information society, the other consisting of a High Level Group of Experts to examine the social and societal impact.

The High Level Expert Group will be mandated to prepare a report or reports on the social and societal aspects of the Information Society, particularly with reference to six priority themes mentioned in the Commission's report for the Essen

European Council "The Information Society in Europe: A first Assessment since Corfu".

In February 1995 the Commission hosted a major event in Brussels in the form of the G7 Ministerial Conference on key issues raised by the information society: the regulatory framework including rules for protection of privacy and personal data, competition policy, the development of information networks and the social, societal and cultural aspects of the information society.

The willingness to associate developing countries to the establishment of the information society and to allow them to benefit fully from it has been declared at the G7 Ministerial Conference. In order to fulfil this commitment and as a response to the proposal of South-African Vice-President Mbeki, the Commission intends to contribute to the organisation of a conference on the information society with the developing world.

The Commission is also drafting a document on the method which it intends to adopt to co-ordinate the action to develop new services and new applications, particularly in the context of the 4th framework programme for R&D activities (1994-1998) and of the trans-European network programme.

Promotion of industrial co-operation

The completion of the internal market is being accompanied by closer industrial co-operation within the European Union, for which the public authorities must create the right climate, in conformity with competition rules.

The Union must therefore endeavour to remove the obstacles to industrial co-operation while developing tools for industrial co-operation. This is a *sine qua non* if industry is to reap the full benefit of the internal market.

At the same time the LEONARDO programme helps to develop co-operation between businesses and other interested sectors in the area of professional training.

Development of industrial co-operation with the rest of the world is one plank of the Union's strategy to strengthen European industry's presence on expanding markets and to make it easier for certain non-Union countries to convert to a market economy.

To help European businesses improve their position on the markets of the future, the Commission will, in particular, establish a data base on the obstacles to proper operation of the markets.

To promote such co-operation, every possible industrial, economic, commercial and investment link and transfers of know-how to third countries must be strengthened to help integrate these countries fully in the world economy. The recently adopted Commission communication on industrial co-operation with Eastern Europe addresses these issues with particular reference to these countries.

- An industrial competitiveness policy in the European Union has application, as appropriate, across all sectors and all sizes of business. However, recognising the important role that SMEs are likely to play in economic growth and the creation of jobs within the European Union, the Commission announced proposals for an Integrated Programme in favour of SMEs and the Craft Sector (COM(94) 207).

This programme seeks to take account of the special needs of SMEs and to put into concrete form the objectives outlined in the Commission's December 1993 White Paper. The Integrated Programme proposes measures to promote Concerted Actions between Member States to create a better enterprise environment, to improve support measures for SMEs and to encourage greater use of the services offered to enterprises which exist at national or regional level.

This programme received the Council's firm support under the terms of a Resolution of 10th October 1994. The implementation of operational initiatives and measures within the Integrated Programme in Favour of SMEs are already being carried out in co-operation with Member States.

2. DRAFT PROPOSAL FOR A COUNCIL DECISION ON IMPLEMENTATION OF A COMMUNITY ACTION PROGRAMME TO STRENGTHEN THE COMPETITIVENESS OF EUROPEAN INDUSTRY (ANNEXE I)

The draft proposal for a Council Decision on implementation of a Community action programme to strengthen the competitiveness of European industry covers the action corresponding to the priorities highlighted in the Council resolution and requiring a formal decision by the Council to clarify and ensure implementation by the Commission.

The action programme and the draft proposal relate to measures which can be taken on the basis of existing resources. If these resources were to appear insufficient, the Commission would present a further draft proposal.

3. ACTION PROGRAMME AND TIMETABLE FOR AN INDUSTRIAL COMPETITIVENESS POLICY FOR THE EUROPEAN UNION (ANNEXE 2)

The Commission communication on "*An industrial competitiveness policy for the European Union*" identified the Commission's priorities for action and stressed that the Commission was willing immediately to take the measures for which it was directly responsible.

The action programme for a competitiveness policy for the European Union includes action to update the existing Community policies, moves to start initiatives requiring no new formal decisions.

This is the case, in particular, with most of the follow-up measures mentioned in the report from the Commission on implementation of the Council resolutions and conclusions on industrial policy.

Proposal for a Council Decision
on implementation of a Community action programme
to strengthen the competitiveness of European industry

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Union, and in particular Article 130 §3 thereof,

Having regard to the proposal from the Commission,¹

Having regard to the opinion from the European Parliament,²

Having regard to the opinion of the Economic and Social Committee,³

Having regard to the opinion of the Committee of the Regions,⁴

1. Whereas the heads of state or government meeting in the European Council on 10 and 11 December 1993 in Brussels endorsed the White Paper on competitiveness, growth and employment⁵ as the terms of reference for action by the European Union and its Member States, supporting an approach to industrial development based on global competitiveness, a factor generating growth and employment;
2. Whereas on 22 April 1994 the Council adopted conclusions on improving the competitiveness of European industry, based on the White Paper on competitiveness, growth and employment;
3. Whereas on 8 November 1994 the Council adopted the Resolution on the strengthening of the competitiveness of Community industry,⁶ which stressed, in particular, that a competitive and innovatory industry in the Community is a prerequisite for lasting economic growth and the creation of new jobs; whereas the framework conditions for competitiveness and competition must be improved so that the European Union remains an attractive location for business leading to the creation of new firms and new jobs;

1 *OJ No ..., ..., p.*

2 *OJ No ..., ... p.*

3 *OJ No ..., ..., p.*

4 *OJ No ..., ..., p.*

5 *COM(93)700 final, 5 December 1993.*

6 *OJ No C 343, 6.12.1994, p. 1*

4. Whereas on ... the European Parliament adopted a Resolution on ...;
5. Whereas the rapid completion of the internal energy market constitutes a fundamental element for a competitive European industry;
6. Whereas industrial production and services increasingly complement each other; whereas, consequently, a competitive industrial sector is indispensable in order fully to exploit the possibilities of job creation in the service sector, and vice versa;
7. Whereas economic and social cohesion and the competitiveness of European industry are linked in that a competitive European industry can contribute to cohesion and cohesion can provide industry with the benefits of a wider commercial and geographic base;
8. Whereas, notwithstanding the important role of public authorities, the maintenance and improvement of industrial competitiveness is primarily the task of business;
9. Whereas accelerated technical progress, increasing globalization of markets, intensification of international competition and the increasing importance of environmental protection require greater efforts from all those with responsibility in the economic, political and social field in order to facilitate the necessary structural adjustments, *inter alia* to ensure a sustainable development, and to create new jobs;
10. Whereas it is necessary to avoid distortions of competition and to promote the opening up of markets both within and outside the Community;
11. Whereas it is particularly urgent that the Community and the Member States, within the framework of their respective powers, adopt practical measures to strengthen the competitiveness of industry, taking account of the new challenges which it faces;

HAS ADOPTED THIS DECISION:

Article 1

The action programme set out in the annexe is hereby adopted to strengthen the competitiveness of European industry which is a prerequisite for lasting economic growth and the creation of new jobs and contributes to economic and social cohesion, with the following objectives:

- A. to eliminate unnecessary legal and administrative constraints for enterprises, particularly small and medium-sized enterprises;
- B. to ensure fair competition;
- C. to strengthen industrial co-operation;
- D. to promote intangible competitiveness factors.

Article 2

The Commission shall send the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions a report evaluating the results obtained together with, where necessary, appropriate proposals.

Done at Brussels,

**ACTION PROGRAMME TO STRENGTHEN THE
INDUSTRIAL COMPETITIVENESS OF THE EUROPEAN UNION**

- **annual report - inter alia, on the basis of the information obtained for the panorama of European industry - on the development of the competitiveness of European industry**
- **examination of the issue of relocation of industry and services and report on the results to the Directors General of Industry**
- **establishment, in collaboration with industry and with national administrations, of a database on the obstacles faced by European companies in third countries, market by market**
- **implementation of the initiatives announced in the communication on "An industrial competitiveness policy for the European Union" in the areas of:**
 - **intangible investments,**
 - **industrial co-operation,**
 - **competition**
 - **modernisation of the role of public authorities**



EUROPEAN COMMISSION

ANNEX

ACTION PROGRAMME AND TIMETABLE FOR AN INDUSTRIAL COMPETITIVENESS POLICY FOR THE EUROPEAN UNION

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- The tables set out below show the Commission's action programme for implementation of the action announced in the September 1994 communication on an industrial competitiveness policy for the European Union.

They show the objectives, the action planned and an approximate timetable for each of the four priorities set in the Commission communication.

In most cases, studies and analyses will be required before a start can be made with the action to attain the above-mentioned objectives.

- As regards the nature of the action to be taken, the action programme contains measures of various types:
 - action already under way or which can be started in the near future and which could make an immediate contribution to the industrial competitiveness of the European Union, particularly:
 - organisation of round tables, seminars, forums and workshops on general and specific sectoral issues;
 - contributions from the common policies to help to improve industrial competitiveness, particularly from the cohesion, training, research, innovation, trade, competition and co-operation with third countries policies;
 - the establishment of pilot programmes on industrial co-operation;
 - the establishment of a database on the obstacles to proper operation of the markets and of an industrial assessment mechanism;
 - establishment of a Competitiveness Advisory Group.
 - action requiring more detailed political guidelines so that a start can be made in due course, particularly:
 - draft communications on the promotion of intangible investment, on the promotion of quality, on industrial co-operation with Eastern Europe and on direct foreign investment;
 - draft white papers and green papers on the legal instruments for industrial co-operation, on energy policy and on promotion of innovation.
 - action requiring the adoption of proposals for legislation before it can take effect, particularly proposals for Directives, Regulations and Recommendations designed:

- to promote research, the internal energy market, European investment overseas and electronic trading;
 - to remove the legal and fiscal obstacles to industrial co-operation;
 - to modernise the role played by the public authorities in industry.
- This action programme must take account of the subsidiarity principle. Consequently, a distinction must be drawn between the action to be taken directly by the Commission, the measures requiring close co-ordination and collaboration with the national authorities and the steps to be taken jointly by the Commission and the national authorities in close co-operation with industry. Such an approach will allow more effective action to improve industrial competitiveness and make fuller use of the expertise of the national authorities and of industry to supplement the Commission's limited human and budgetary resources.

Naturally, industry will be directly involved in practical action such as round tables, the pilot programmes on industrial co-operation, the database on the obstacles to proper operation of the markets and the industrial assessment mechanism.

The Member States could be involved in the action programme, not only via the meetings of the senior officials on industry but also in new forms of meetings between the national and Community administrations, such as workshops.

The dialogue with the Member States would focus on co-ordination and definition of research policies, commercial policy instruments, the establishment of a database on opportunities for industrial co-operation and definition of the specific programmes on objective 4.

- The Commission also intends to take account of the approach in this action programme when drafting its communications concerning specific sectors of industry.

It has done so already in its communication on strengthening the competitiveness of the machinery construction industry.

- Certain measures will take priority, particularly:
- the establishment of Task Forces to start joint projects in the interest of industry and for action on human resources;
 - the establishment of a database on the obstacles to proper operation of the markets and of an industrial assessment mechanism;
 - the examination of the effects of the Community and national legislation on competitiveness and employment by the MOLITOR Working Party of inde-

pendent experts on the simplification of legislation and administrative procedures;

— the establishment of an Advisory Group on Competitiveness.

Action programme for an industrial competitiveness policy for the European Union

	OBJECTIVES	ACTION	TIME-TABLE
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1. TO PROMOTE INTANGIBLE INVESTMENT			
a.	promotion of intangible investment (vocational training, organisation of work, new technologies and quality) in the general support for investment; examination of ways of taking fuller account of intangible assets, particularly in the context of taxation	draft communication on the promotion of intangible investment action on human resources further support from the Structural Funds to improve the business environment and business co-operation and to support intangible investment by businesses	1996 1995 1994/99
b.	stepping-up of research:		

Action programme for an industrial competitiveness policy for the European Union

	OBJECTIVES	ACTION	TIME-TABLE
	<p>- by proceeding with further action to take fuller account of the needs of the market in R&TD policy</p>	<p>establishment of task forces to start joint projects in the interest of industry (car of tomorrow, education software and multimedia, new generation aircraft, vaccines for viral diseases, future train)</p> <p>meetings of the Directors General for industry and research to improve the channels for co-ordination with and between the Member States and industry for definition of the eligibility criteria, selection and development of projects</p> <p>involvement of industrialists in the mid-term review of the fourth framework programme of RTD activities, in particular regarding the decision on the remaining 700 MECU, and in preparation of the fifth framework programme</p> <p>draft communication on closer co-ordination between research and industry</p> <p>document on the methodology to adopt to co-ordinate the action to develop new services and new applications connected with the information society, particularly in the context of the 4th framework R&D programme and of the trans-European networks programme</p>	<p>1995</p> <p>1995</p> <p>1996</p> <p>1995</p> <p>1995</p>
	<p>- by modernising the approaches in order to produce more effective industrial spin-offs from research</p>	<p>implementation of programmes to apply research results</p> <p>Green Paper on promotion of innovation policies in the European Union</p> <p>promotion of a financial environment favourable to innovation (capital market for growth industries, risk-capital, etc.)</p>	<p>1995</p>

Action programme for an industrial competitiveness policy for the European Union

	OBJECTIVES	ACTION	TIME-TABLE
	- by facilitating the establishment of consortia of European companies	start of joint projects in the interest of industry draft communication on the stimulation of applications by means of partnerships: towards a new approach and new methodology	in progress
c.	promotion of quality	draft communication on European quality promotion policy, including a strategy and a European programme to promote quality	1995
d.	fuller integration of vocational training schemes in other policies	implementation of LEONARDO and SME programmes	in progress
e.	creation of a legal environment conducive to research	review of the code on aid to research consideration of the need to propose a Directive to create a legal environment conducive to research simplification of type-contract for the research contracts under the 4th framework programme of RTD activities	1995
f.	development of clean technologies and economic incentives	further implementation of the fifth action programme on the environment implementation of the environmental section of the fourth framework RTD programme	in progress
g.	introduction of new ways of organising work and improvement of the fiscal environment, particularly for small firms	involvement of management and labour in implementation of objective 4 and of the ADAPT and LEONARDO programmes	1995
i.	improvement of the dialogue between the two sides of industry	association of social partners in the framework of social dialogue to initiatives impacting on employment (at inter-professional and sectoral levels) and on new forms of work organisation	in progress

<i>Action programme for an industrial competitiveness policy for the European Union</i>			
	OBJECTIVES	ACTION	TIME-TABLE
j.	rational use of statistics	creation of a database of sectoral indicators on business performance and competitiveness factors in the European Union study on the use of administrative data for statistical purposes	1995
2. TO DEVELOP INDUSTRIAL CO-OPERATION			
a.	<i>general measures:</i>		
1.	identification and removal of legal and fiscal obstacles to industrial co-operation	possible drafting of proposals for legislation to remove the principal legal and fiscal obstacles to industrial co-operation	1996
2.	development of industrial co-operation tools	Green Paper on the legal instruments for industrial co-operation at Community level	1995
3.	support for the development of trans-national initiatives targeted on growth markets using Structural Funds	elaboration of projects under the Community Initiative programmes ADAPT and EMPLOYMENT	1994/99
4.	recourse to the Working Party of the Heads of Industrial Policy Departments to facilitate industrial co-operation operations and efforts to find information and partners	meetings of the senior officials on industry with a view to establishment of a database on opportunities for industrial co-operation	1996
5.	development of a coherent legal approach towards a communal and efficient promotion of European foreign investment	possible drafting of proposals for legislation to promote European foreign investment, in particular on the basis of the standards for the protection of investments in ACP countries use of ECIP (European Community Investment Partners) programme	1996 in progress
6.	closer technological co-operation	promotion of scientific and technological co-operation under the fourth framework R&D programme preparation of a conference on the information society with the developing world	in progress

<i>Action programme for an industrial competitiveness policy for the European Union</i>			
	OBJECTIVES	ACTION	TIME-TABLE
b.	<i>Central and Eastern Europe and Commonwealth of Independent States</i>	<p>communication on industrial co-operation with Eastern Europe</p> <p>seminars, forums and round tables on sectoral issues with the countries of Central and Eastern Europe and Russia</p> <p>implementation - for already associated countries - of measures of the pre-accession strategy adopted at the European Summit of Essen (White Paper on the rules relating to the internal market, structured dialogue, etc.)</p> <p>negotiations of association agreements with the 3 Baltic Republics and Slovenia</p>	1995
1.	exploring solutions similar to partial guarantees for investments	economic analysis of guarantees for investments for the countries of Central and Eastern Europe with association agreements	1995
2.	support for investment and the private sector	establishment of a Business Advisory Council (follow-up to Essen)	1995
		<p>assistance with development of services to support industry (for example, briefing session on the activities of the agencies to promote investment in the Visegrad countries for bodies providing support for industry in the Community)</p> <p>establishment or reactivation of sectoral liaison committees with the countries of Central and Eastern Europe, Russia and Ukraine</p>	in progress
3.	support for standardisation and certification	<p>PHARE technical assistance programmes on standardisation and certification, particularly to implement the Europe agreements</p> <p>setting-up of joint working groups (Poland, Hungary, Czech Republic)</p>	in progress

<i>Action programme for an industrial competitiveness policy for the European Union</i>			
	OBJECTIVES	ACTION	TIME-TABLE
4.	expertise in international financial engineering and off-set activities	to be defined	
5.	support for harnessing potential energy resources	<p>study and seminars, under the European Energy Charter, to provide assistance with drafting energy legislation (PHARE programme)</p> <p>THERMIE programmes to provide support for promotion and dissemination of new energy technologies, energy efficiency and energy savings</p> <p>establishment of energy centres and of training, promotion and logistical assistance schemes (SYNERGY programme)</p> <p>training and promotion of energy efficiency programmes (SAVE programme)</p> <p>training and promotion of renewable energy (ALTENER programme)</p>	in progress
<i>c.</i>	<i>Latin American and Mediterranean countries</i>	organisation of round tables and liaison groups	1995
1.	participation in the fourth framework programme on R&D activities and in the developments connected with the information society	to be defined	1995/96
2.	establishment of networks of businesses	development of industrial innovation schemes (Sprint network)	1995/96
<i>d.</i>	<i>Asian countries</i>		
1.	co-operation programmes	organisation of round tables, seminars and workshops on general and sectoral issues	in progress
		establishment of pilot programmes on industrial co-operation	in progress
2.	scientific and technological co-operation schemes	organisation of seminars and establishment of specific programmes	since end of 1994

Action programme for an industrial competitiveness policy for the European Union

	OBJECTIVES	ACTION	TIME-TABLE
3.	training and dissemination of technology	EU-Japan centre for industrial co-operation	in progress
		programmes for science and technology fellowships in information technology (for example, the KIT (Keep in Touch) programme) and the MTFP programme (Manufacturing Technology Fellowship Programme))	in progress
		extension of the training programmes to the priority fields for European industry	1995/96
3. TO ENSURE FAIR COMPETITION			
<i>a.</i>	<i>external markets:</i> taking account of the European Union's industrial interests, both as an exporter and as an importer		
1.	continuation of efforts to resolve problems not completely dealt with by the end of the Uruguay Round	active participation in the work of the WTO - work on harmonisation of non-preferential rules on origin (conclusion scheduled in 1998) - further negotiations on steel, aviation and services (for example, telecommunications)	in progress
2.	combating fraud efficiently	to be defined	
3.	development and effective application of international rules on competition	application and implementation of bilateral association, partnership and co-operation agreements improvement of the existing bilateral co-operation agreements and development of new agreements preparation of multilateral discussions on international rules of competition implementation of OECD agreement on shipbuilding	1995
4.	establishment of an industrial assessment mechanism	establishment of the industrial assessment mechanism (multi-sectoral and geographical extension)	1996

Action programme for an industrial competitiveness policy for the European Union

	OBJECTIVES	ACTION	TIME-TABLE
5.	continuing to improve the structure of the Common Customs Tariff in order to better reflect the industrial interests of producers and users	action under way	
6.	database on the obstacles to smooth operation of the markets	study and establishment of a database on the obstacles to proper operation of the markets	1995/96
7.	improvement of commercial policy instruments with the aim of making them more efficient and operational	preparation of the dialogue with the Member States on the new instruments	1995/96
8.	consideration of application of commercial policy and defence instruments to services	to be defined	
9.	co-ordination between the measures taken to promote exports and investment and the other policies	communication on "a level playing field for direct investment world-wide" continued negotiations of mutual recognition agreements	1995 1995/96
b.	<i>internal market:</i>		
1.	further reduction of State aid, taking account of regional imbalances	exploitation of data from the 4th report on state aids	1995
2.	an examination, as soon as possible, of possible changes to the State aid control mechanism	preparation of a proposal to the Council for a Regulation on the simplification of procedures	1995/97

<i>Action programme for an industrial competitiveness policy for the European Union</i>			
	OBJECTIVES	ACTION	TIME-TABLE
	<p>re-examination of the aid authorisation criteria</p> <p>improvement of the consistency between the structural policies and the policies for monitoring State aid</p> <p>improvement of the consistency between the rules applicable to State aid and the arrangements for Community financing under non-structural policies</p>	to be defined	
3.	strengthening of the internal market (in gas, electricity and telecommunications)	<p>completion of the internal energy market (gas, electricity) by the way of rapid adoption of proposals for Directives now before the Council or otherwise by other means available to the Commission</p> <p>Green Paper entitled "For a European Union energy policy"</p>	<p>in progress</p> <p>1995</p>
		<p>draft White Paper based on the Green Paper</p> <p>telecommunications markets liberalisation:</p> <ul style="list-style-type: none"> - cable-distribution networks - mobile networks - vocal telephony and other infrastructures 	<p>1995/96</p> <p>1996</p> <p>1996</p> <p>1998</p>
4. TO MODERNISE THE ROLE OF THE PUBLIC AUTHORITIES			
a.	further deregulation, examining, for example, the expediency of invoking Articles 101 and 102 of the Treaty	possibly, submission of proposals for legislation	1996
b.	redefinition of public service objectives	to be defined	

Action programme for an industrial competitiveness policy for the European Union

	OBJECTIVES	ACTION	TIME-TABLE
c.	using the Structural Funds to support industrial change and to facilitate the development of clusters of competitive activities	definition, with the Member States and industry, of specific programmes on vocational retraining for workers affected or threatened by massive restructuring of undertakings or industries in crisis (objective 4, SME, ADAPT and LEONARDO)	in progress
d.	development of partnerships between big businesses and small firms	possibly, submission of proposals	1996
e.	streamlining and effecting greater transparency of procedures (contribution to the Working Party set up to simplify administrative procedures and legislation)	examination of the effect of the Community and national rules on competitiveness and employment by the MOLITOR working party of independent experts on the simplification of legislation and administrative procedures	1995/96
f.	a) faster establishment of trans-European networks for the interchange of data between administrations	proposal for a Council recommendation on extension of IDA to third countries	1995
	b) establishing and stepping up electronic data interchange between industry and the administration	proposal for a Council Decision on a multi-annual programme to support the use of electronic information interchange between industry and administrations (I3A)	1995
g.	using the Community instruments to support co-operation projects of Community interest	possibly, submission of proposals	1996
h.	examination of ways of improving decision-making structures	establishment of a Competitiveness Advisory Group proposal for new types of meetings (workshops) between the national and Community administrations	1995
i.	reduction of costs arising from regulations	evaluation of economic costs and benefits of new legislative proposals	in progress

Communication from the Commission
Action programme and timetable for implementation of the actions
announced in the communication on
"An industrial competitiveness policy for the European Union"

FINANCIAL STATEMENT

1. TITLE OF OPERATION

Industrial competitiveness policy for the European Union

2. BUDGET HEADING INVOLVED

Cf. item 7.2

3. LEGAL BASIS

Treaty on the European Union, and in particular Articles 3 and 130 §3 and Titles XIII (Industry), XV (Research and technological development, Articles 130f *et seq.*), VIII (social policy and industrial change, Article 123), XIV (social and economic cohesion, Articles 130 A and B) and XII (Trans-European networks) thereof.

4. DESCRIPTION OF OPERATION

4.1 Specific objectives

- To strengthen the competitiveness of European industry by means of general measures under a series of common policies (on research, cohesion, vocational training, networks, foreign trade and competition).
- To develop the internal market, to take fuller account of industry's needs in research policy, to establish the information society and to promote industrial co-operation.

4.2 Duration

Ad hoc measure.

4.3 Target population

Member States, regional and local authorities, two sides of industry, businesses, etc.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations

5.3 Type of revenue involved

Not applicable.

6. TYPE OF EXPENDITURE OR REVENUE

The form of support depends on the specific procedures for each of the measures referred to in point 7.2.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation

The calculation of the cost to the budget of the action provided for in this communication is set out in the Table in point 7.2.

7.2 Itemized breakdown of cost

This communication will have no further impact on the budget.

The headings listed below are mentioned for information as they relate to actions which in varying degrees will help to improve the competitiveness of the European Union.

Breakdown by main headings	Budget headings concerned	Budget 1995 ME-CU EC without RSB
Community Support Frameworks	B2-130	6.443,8
Industrial reconversion	B2-143	403,0
SME's initiative	B2-1432	175,0
Cohesion fund	B2-300	2.151,7
Training and careers advice	B3-1020	1,0
Leonardo	B3-1021	137,3
Actions in the field of the Internal Market	B5-300	40,08
Stimulation of companies (SMe)	B5-320	29,2
Industry : actions in the field of telecommunications and postal services, standardisation and data exchange	B5-41	30,5
Actions in the industrial field, including the Panorama	B5-41	7,2
Transeuropean networks		
-> in the field of transport	B5-700	216,0
-> in the field of energy	B5-710	15,0
-> telecommunications infrastructure	B5-720	20,0
R & D Framework Programme	B6-711	906,5
Information and communication technologies		
Promotion of Community exports to third countries, in particular Japan	B7-5022	12,2
Programme for the modernisation of textile industry in Portugal	B5-420	80,0

<i>pm: Breakdown by action (B5-411)</i>	1996 budget (MECU)
<i>Annual report - inter alia, on the basis of the information obtained for the panorama of European industry - on the development of the competitiveness of European industry</i>	1.0

<i>Examination of the issue of relocation and report on the results to the senior officials on industrial policy</i>	0.5
<i>Establishment, in collaboration with industry and with national administrations, of a database on the obstacles faced by European companies in third countries, market by market</i>	0.5
<i>Formalization of the initiatives announced in the communication on "An industrial competitiveness policy for the European Union" in the areas of:</i>	
— <i>intangible investments</i>	1.2
— <i>industrial cooperation</i>	1.0
— <i>the industrial aspects of competition</i>	0.5
— <i>modernization of the role of public authorities in industry</i>	0.5
TOTAL	5.2

7.3 Operational expenditure on studies, meetings of experts, etc.

pm: ventilation by action (B5-411)	ECU
Studies	2 500 000
Meetings of experts	70 000
Conferences and congresses	120 000
Information and publications	210 000

7.4 Indicative schedule of appropriations

See the breakdown in the Table in point 7.2.

8. FRAUD PREVENTION MEASURES

Before payment the Commission departments concerned check the financial assistances or that the services and preparatory and feasibility studies or assessments ordered have been received, taking account of the contractual obligations and of the principles of economy and sound financial management. Anti-fraud measures (inspections, reports, etc.) are included in all agreements or contracts concluded between the Commission and parties receiving payments.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific objectives

To strengthen industrial competitiveness, closer coordination will be needed across a series of common policies, particularly on research, cohesion, vocational training, networks and foreign trade, plus closer consultation between the Member States. As identified in the White Paper on growth, competitiveness and employment, the priorities for action will be to promote intangible investment, to develop industrial cooperation, to ensure fair competition and to modernize the role of the public authorities.

In most cases, studies and analyses will be required before a start can be made with the action to attain the abovementioned objectives.

As regards the nature of the action to be taken, this communication contains measures of various types:

- action already under way or which can be started in the near future and which could make an immediate contribution to the industrial competitiveness of the European Union, particularly:
 - organization of round tables, seminars, forums and workshops on general and specific sectoral issues;
 - contributions from the common policies to help to improve industrial competitiveness, particularly from the cohesion, training, research, innovation, trade, competition and co-operation with third countries policies;
 - the establishment of pilot programmes on industrial cooperation;
 - the establishment of a database on the obstacles to proper operation of the markets and of an industrial assessment mechanism;
 - establishment of a European competitiveness policy council.
- action requiring more detailed political guidelines so that a start can be made in due course, particularly:
 - draft communications on the promotion of intangible investment, on the promotion of quality, on industrial cooperation with Eastern Europe and on direct foreign investment;
 - draft white papers and green papers on the legal instruments for industrial cooperation and on energy policy.

- action requiring the adoption of proposals for legislation before it can take effect, particularly proposals for Directives, Regulations and Recommendations designed:
 - to promote research, the internal energy market, European investment overseas and electronic trading;
 - to remove the legal and fiscal obstacles to industrial cooperation;
 - to modernize the role played by the public authorities in industry.

9.2 Grounds for the operation

The appropriations requested will be used to implement an industrial competitiveness policy for the European Union. There is no real alternative means of attaining the same results.

European industry is making an unprecedented effort to restructure and innovate in order to boost its competitiveness on the world market. In particular, these efforts must equip it to face the changing international context (geopolitical upheaval and conclusion of the Uruguay Round) and the mounting international competition, often from countries with less stringent social, regulatory or fiscal constraints, the economic recession, the rapid development of combinations of technological innovations (information technology, biotechnology, new materials, etc.) which have led to intangible investment (in research, patents, training, software, etc.) growing faster than capital investment and the inadequacy of the major European networks for reaping maximum benefit from the revolution in progress in telecommunications and information technology.

Moreover, in its resolution of 8 November 1994 on the strengthening of the competitiveness of Community industry the Council called on the Commission "to submit to it ... a schedule for the drafting of appropriate proposals formalizing the initiatives announced by the Commission in its communication on "An industrial competitiveness policy for the European Union" in the areas of intangible investments, industrial cooperation, competition and modernization of the role of public authorities".

As regards subsidiarity, the European Union must implement an industrial approach drawing maximum benefit from the GATT Agreement and allowing rapid progress on the issues raised by the globalization of markets. In this context, a Community approach is necessary, without doubt.

□ **Cost:**

See the Table in point 7.2.

- *Spin-off effects*

9.3 Evaluation

Regular evaluations are planned in accordance with the specific procedures for each of the measures referred to in point 7.2.

In addition, as requested by the Council in its resolution of 8 November 1994 on the strengthening of the competitiveness of Community industry, from 1995 on the Commission will submit an annual report on the development of the competitiveness of European industry.

10. ADMINISTRATIVE EXPENDITURE

The action programme will give rise to no additional administrative expenditure.

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DOCUMENTS

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