

## MEETING OF CHAIRPERSONS OF COMMITTEES SPECIALIZED IN AGRICULTURE, INDUSTRIAL DEVELOPMENT AND SMEs

Rome, 27 October 2014  
Senate of the Republic

### Session III - The Industrial Renaissance and SMEs: how to reach the goal 20% of GDP by 2020?

The objective of raising the contribution of industry to as much as 20% of GDP by 2020 was set by the European Commission in its Communication *A Stronger European Industry for Growth and Economic Recovery. Update of the Industrial Policy flagship initiative*. To achieve that goal, the Commission has proposed applying an enhanced industrial policy based on four pillars: investments in innovation; better market conditions; access to finance and capital; human capital and skills. Given the limited resources available, six priority areas with high potential were identified: advanced manufacturing technologies for clean production; key technologies; bio-economy; sustainable construction and raw materials; clean vehicles; smart grids.

The current contribution of the industrial sector to GDP is 15 per cent, and analysts agree that the 20 percent goal is ambitious and that its achievement is contingent on the adoption of a number of important measures and innovations, including a revision of the decision-making processes and system of governance guiding industrial policy.

The European Parliament is of the opinion that industrial policy requires "integrated and effective governance, which includes the monitoring of activities", and urges Member States, "in the event of potential amendments to the Treaties, to establish a common industrial policy with aspirations and instruments comparable to those of the common agricultural policy, i.e. involving genuine transnational consultation with a view to developing a common strategy endowed with ample funding and market regulation tools such as those at the disposal of other major trading areas in the world, for example a monetary instrument or State aid rules that are adapted to the needs of our industry while at the same time complying with international law." It also recommends the establishment of a permanent Commission task force, composed of the relevant Directorates-General, to take into account the contribution of stakeholders and to coordinate and monitor the implementation of industrial policy.

In its [Conclusions](#) to a meeting held in Brussels on 25 September 2014, the Competitiveness Council recognised the need to strengthen institutional capacities and to make governance mechanisms more effective. It also affirmed that it needed to take "a more focused mandate and a more strategic role in this regard, including a greater input to the European Semester."

Some analysts have expressed the view that industrial policy could usefully be incorporated into the so-called European Semester, while others have spoken of the benefits of forming alliances of governments and drafting an Industrial Compact for the European Union, which would complement the Pact for Growth and Jobs.

In the Communication *For a European Industrial Renaissance*, (COM (2014) 14) the European Commission identifies a number of priorities that should be pursued for the sake of the competitiveness of European industry. They include the revitalisation of the EU economy in a way that coincides with the aspiration to raise the contribution of industry to GDP to 20 percent by 2020.

Some of the industrial modernisation objectives cited in the Communication refer specifically to small and medium-sized enterprises, which make up more than 90% of companies in Europe. The Commission points to, among other things, the need to: exploit the potential inherent in “clusters” to create favourable innovation ecosystems for mutually reinforcing groups of SMEs; strengthen “value-added chains”, from the procurement of raw materials to business services and distribution, as well as links with research, training and education centres; and enhance intra-community specialisation so that business networks may become an important source of innovation.

The Commission is calling for an update of the Small Business Act, and has declared its own willingness to provide greater support to SMEs in the form of access to funding, improved energy efficiency and enhanced innovation management capacities. Again with reference to SMEs, the Commission has enjoined Member States to combine regional and industrial policy tools to create Smart Specialisation Platforms to help regions roll out smart specialisation programmes by facilitating contacts between firms and clusters, enabling access to innovative technologies and market opportunities. It has also urged them to introduce an SME Test or an equivalent system in their decision-making process, and to reduce the burden of bureaucratic compliance.

The European Council, meeting on 21 March 2014, recognised the importance of the contribution of the Communication *For a European Industrial Renaissance* and invited the Commission to present a roadmap to continue the work originated with the Communication. The European Council is due to return to the issue again in March 2015 as part of the review of the Europe 2020 Strategy.

The current debate has given rise to numerous suggestions for actions that are seen as essential to improving the competitiveness of SMEs. They have been put forward not only by institutions but also by business operators and academics, at both European and national level. In addition to the forthcoming revision of the Small Business Act in 2015, the proposed actions include: simplifying and streamlining bureaucratic requirements, both in Europe and domestically; improving infrastructure; lowering energy costs; developing appropriate professional skills; reducing delays in payments; increasing access to credit.



### Talking points

- Do we agree on the need to strengthen the European governance of industry? If so, what model should be used (supranational, national, regional, local)? Should we call for a revision of the Treaties with a view to establishing a common industrial policy? How can industrial policy be linked with competition policy at this particular moment in the development of technology and global financial relations?
- What are your views on: transforming Competitiveness and Growth Group into a permanent high-level group; including industrial policy in the European Semester; and setting up a Commission task force? Does the planned restructuring of the new European Commission into large thematic areas account for a first response?
- The Communication *For a European Industrial Renaissance* indicates certain areas of action both at European and national level to improve the competitiveness of SMEs. Do we agree with the Commission's proposals in this respect? What actions should be given priority?
- How do we feel about the implementation of the Small Business Act (SBA), and what are the main areas that need to be looked at when it is being reviewed in 2015?
- What are our thoughts on the new targets for the reduction of CO<sub>2</sub> emissions for European countries with respect to the different approaches taken by BRIC countries?
- How can the goal of increasing the contribution of manufacturing to GDP be reconciled with the labour cost trends of recent years?
- How can the flow of funds to boost investments by SMEs be improved?
- What is the relationship between industry and research in Europe today?