

# POLICY PAPER ON A NEW INDUSTRIAL POLICY FOR EUROPE

## CENTRAL AND EASTERN EUROPEAN INDUSTRY FEDERATIONS

AUSTRIA, CROATIA, CZECH REPUBLIC, HUNGARY, ROMANIA, SLOVAKIA, SLOVENIA

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Re-industrialisation combined with the development of more advanced industries is crucial for overcoming the current crisis and for facing the challenges that lie ahead. For reaching this goal, Central and Eastern European (CEE) Industry Federations\* have identified the following key areas to receive particular attention by policymakers at European and national level, all being interrelated and enforcing each other:

### I. Inciting company growth, for which the right regulatory frameworks are needed, must be a main focus of policymakers.

- Ensure that **trade-related costs** for companies remain at a lowest possible level and support internationalisation, e.g. through **establishing necessary infrastructure links** and by reducing regulatory burden for export.
- **Reduce red-tape at all levels of government**, through the adoption of simplified taxation and compliance procedures, and the implementation of one-stop-shop administrative systems.
- **Introduce ex-ante impact assessments** in preparing business relevant legislation (e.g. through competitiveness proofing at national level).

### II. To ensure access to capital for investments, Europe and the CEE region need a new capital market culture directed at financing growth. Also the effective management of public funds (in particular from Cohesion Policy) is of strategic importance.

- Introduce the right regulatory frameworks in order to **attract private equity and venture capital investments in the CEE region**.
- Ensure that policymakers **take potentially negative impacts of stock exchange and banking regulations** on the real economy into account, e.g. through ex-ante legislation impact assessments.
- Develop national and cross-country strategies as to **integrate all available means of national and EU public funding** in a coherent approach.
- Identify specifically promising technologies and industrial sectors in order to **target all public funding instruments** at disposal (e.g. through smart specialisation at regional level).

\* The group of CEE Industry Federations is based on an initiative dating from 2005, comprising several industry federations from Central and Eastern Europe, with the aim of aligning positions and activities on European and international issues.

### III. It must be avoided that Europe further falls behind its global competitors in research and innovation (R&I). Due to the crisis there is a risk of a widening innovation gap within Europe (innovation leaders expand their R&I efforts, innovation followers tend to cut down public financing).

- **Adopt comprehensive national R&I strategies** as to avoid fragmentation and overlaps of existing programmes, including the development of Key Enabling Technologies (KET).
- **Improve the business environment for private R&I efforts**, e.g. through introducing/ improving R&I tax incentives.
- **Develop ambitious energy technology initiatives** - in particular for new technologies for buildings, mobility and renewable energy - that stimulate investments in R&D and the dissemination of energy technologies.
- **Support the adoption of an EU-wide patent** as to reduce cost- and administrative burdens for R&D activities.

### IV. Labour markets must be a further pillar of industrialisation policies. Industrial and technological changes increasingly require a workforce with high and intermediate levels of skills in engineering and science.

- **Introduce/improve flexicurity principles in domestic labour markets** to avoid rigidity while guaranteeing security.
- **Introduce/ improve dual-learning systems such as apprenticeship models with active industry participation** to tackle the mismatch between available and required skills while creating a win-win situation for both the industry and younger generations.
- **Implement wage setting mechanisms in line with economic & productivity growth potentials.**

### V. The increasing pressure on European industry due to rising energy and raw material prices and insufficient energy & climate change policies must be tackled.

- **Develop pro-active national raw material policies with the aim to increase supplies from domestic resources.** Such need to take full account of domestic resources and include the adoption of modern spatial planning concepts.
- Call upon EU policymakers to pursue a **true European raw materials diplomacy** as well as to **harmonize rules for raw material extraction EU-wide.**
- **Support higher solutions of waste management** against land-filling and incineration in order to increase supply of secondary raw materials, e.g. through tax incentives and re-channelling of public funding to recycling installations.
- Ensure that national and European energy and climate change policies **take into consideration cost-effectiveness for European industries** (e.g. support schemes for renewable energy) **and implications for international competitiveness** (e.g. in relation to the ETS).