

## For an innovative Industrial Policy in the EU

The Alliance of Liberals and Democrats for Europe Party convening in Warsaw, Poland on 1 to 3 December 2016:

### Notes that:

- the recent financial crisis has accelerated the steady decline of the manufacturing industry in Europe (output declined by 9% between 2008 and 2014);
- the share of manufacturing of total European GDP has dramatically declined to 15.1%;
- the world share of EU industrial products steadily decreased since 2008;
- high energy prices remain a big concern for European competitiveness;
- a trend of growing protectionism of the Member States is negatively affecting integration efforts as well as consumers;
- the creation of a global level playing field is key for European businesses;
- unemployment in European states remains at shockingly high levels.

### Considers that:

- a healthy manufacturing sector is essential for quick economic recovery and the creation of new jobs;
- deindustrialisation is a process of major concern for the European economy;
- 80% of export turnover as well as more than 70% of innovation are created by the manufacturing industry;
- European industries face challenges that are completely different from those 10 years ago, while the policy answers remain unchanged;
- an industrial renaissance of Europe will not be achieved through old-style industrial policies which tried to create state-led industries through the use of subsidies, nor will it be assisted by protectionism of any kind;
- ending the fragmentation on the energy market will help to bring down energy prices;
- European electricity markets face challenges that are different from those ten years ago, while the policy answers remain unchanged;
- we are facing global climate challenges;
- in the same way that the internet opened-up new areas of economic activity, with previously unimagined businesses as a source of jobs, so too will the transition to a carbon-free economy open up areas not foreseen today;

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- such a transition requires determined political will, and the European liberals should aim to provide that leadership.

### **Welcomes:**

- the European Commission's recognition for the need of an updated European Industrial Policy.

### **Calls for:**

- policymakers to agree regulations that favour and stimulate new industries that usher in economic growth based on digital, carbon-free technologies, allowing Europe to lead the transition and meet the COP 21 Paris agreement targets;
- improving regulatory efficiency whilst reducing the regulatory burden by focusing on defining and improving the quality of regulations;
- an expansion of the share of R&D-related expenditure in the EU, national and regional budgets, and more cooperation with sectoral groups in pursuit of more efficient R&D and the wider deployment of R&D outcomes;
- the establishment of favourable and stable financial and taxation frameworks to encourage RDI and the creation of new businesses;
- introducing measures to enable new business models in sectors such as circular economy;
- enabling and not punishing disruptive technologies and processes in order to boost innovation;
- policies that assist businesses in establishing Industry 4.0 components into their business model (modularity, smart factories, internet of things and services, interconnected business) and that develop research and innovation capacities across Europe based on smart regional specialisation strategies;
- a competitive internal energy market through a fully integrated smart energy grid, enabling citizens, and small and medium sized businesses to generate and distribute their own green energy, thus contributing also to Europe's energy security and climate change targets, as well as, liberalisation of energy markets, ending 'subsidy shopping' and ensuring a well-functioning ETS, as well as completion of the single market in energy;
- establishing a sustainable industrial policy that also takes environmental aspects into account (smart grids, eco-industries) while ensuring predictability for industry;
- the European Commission to continue to fight against unfair trading practices and anti-competitive behaviours;
- increased competition in the banking sectors, linked to merger and acquisitions reform;

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- the liberal spirit of free trade to be promoted as the driving force for economic growth to counter unemployment.

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