Role of social dialogue in industrial policies

Introduction
Industrial policy in context
Overview of social dialogue in Europe
Industrial policy instruments

Box 1. Germany: The Energy Shift – cross-sectoral development and competitiveness
Box 2. Portugal: Manufacturing and entrepreneurship policies
Box 3. UK: A new approach to industrial policy in the automotive sector
Box 4. Lithuania: Biotech development with bipartite involvement
Box 5. Sweden: Innovation programme for energy

Challenges and positive effects of social dialogue
General conclusions from national-level analysis
Analysis of EU-level initiatives
Main instruments and initiatives of European industrial policy
European social partners’ positions on industrial policy
Role of European sectoral social dialogue

Conclusions
Bibliography
Annex
Financial turmoil and the increasing globalisation of value chains have revitalised industrial policies in Europe. However, existing policy instruments need to be aligned to the realities of global competition and evolving technologies. The main questions to be addressed are: What instruments of industrial policy are currently used in Europe? What is the role of social dialogue and of the social partners in shaping them? How can social dialogue play a proactive role in the current landscape of policymaking? This report provides an overview of the involvement of social partners in industrial policies at national (all EU Member States and Norway) and EU level. It focuses in particular on forms of participation, industrial policy instruments and their impacts and recent attempts to introduce innovation in industrial policies. It also highlights some examples of sectoral industrial policies where social partners have played a significant role.

Introduction

The economic recession and the debt crisis, and the fact that some European countries face high unemployment coupled with low productivity and barriers to competitiveness, have made policymakers focus on the need to target industrial policies and better integrate industrial policy with other policy fields (notably education and training policies) to support growth and recovery. Hence, the EU’s industrial policy was updated in 2012 with the industrial policy Communication ‘A stronger European Industry for growth and economic recovery’. This Communication launched a new partnership between the EU, Member States and industry and focuses on four pillars (European Commission, 2012):

- Investments in innovation, with a focus on six priority areas with great potential (advanced manufacturing technologies for clean production; key enabling technologies; bio-based products; sustainable industrial and construction policy and raw materials; clean vehicles and vessels; smart grids).
- Better market conditions, both in the Internal Market, with special reference to goods, entrepreneurship and Intellectual Property Rights protection, and in international markets.
- Access to finance and capital, by a better mobilising and targeting of public resources, including from the EIB, and by unlocking private funds.
- Human capital and skills, to promote job creation and better anticipation of, and investments in, the skills needed to promote industry's competitiveness.

The Confederation of European Trade Unions (ETUC, 2011), has responded to the Communication by reaffirming its industrial policy orientation, as follows:

*The need to invest in innovative policies in forward-looking industries. Europe needs investments for a sustainable economy, a green economy. In particular, investments in transport and energy.*

*The need to promote and provide the means and resources for training to have a qualified workforce – a key element of any industrial policy.*

*Action on restructuring and anticipation of change as well as an industrial agenda that promotes new and sustainable industries, products and services to guarantee jobs for tomorrow. It is also essential to have a legal framework to anticipate change.*

BUSINESSEUROPE (2014) has proposed an ‘industrial compact’ that gives the following recommendations for industrial policies:

- that the EU reassesses its approach to energy to make energy policy more cost-competitive;
that the EU opens foreign markets as part of an EU free trade agenda targeting current and emerging trading partners;

that the EU initiates financial market reforms that balance the need to safeguard financial stability and the financing needs of companies;

that export restrictions on raw materials are reduced and that environmental and other legislation does not inadvertently undermine or increase the cost of imports of primary or secondary raw materials into Europe; and

that Europe invests in the education of its people, in particular within science, technology, engineering and mathematics (STEM) skills.

Likewise, at national level, the social partners and other stakeholders have also become involved in the formulation and implementation of industrial policies. The issue of industrial policies seems to be gaining importance and there are emerging trends (see Warwick, 2013) that need to be captured to inform policymakers of developments at national level where social dialogue has made a contribution and impact. The focus of attention is on practices and on the role of social dialogue at European as well as at national level.

This report aims to give an overview of the roles of different actors in the shaping of industrial policy at national and European level. The analysis compares different forms of social partner involvement in the industrial policy process and interventions of governments, both in specific sectors and at cross-sector level. The main questions are thus:

- Is there evidence of involvement of social partners and other actors in the process of formulating industrial policy interventions of governments?
- What types of involvement have been evident? Are these types of involvement statutory? To what extent are the different types used?
- What are the positions of the European social partners on industrial policies and what is the role of the European sectoral social dialogue?
- What types of industrial policy instruments are being activated?

The first part of this report analyses the role of social dialogue from a national perspective. The first four sections deal with the following topics:

- the evolution of industrial policy and aspects of the policy areas in the context of the financial crisis;
- forms of involvement of the social partners across Europe;
- overview of the instruments in use in the European countries as well as best practice examples of industrial policies;
- analysis of positive effects and challenges of the involvement of social partners.

The second part of the report provides an analysis of EU-level social dialogue in industrial policies, including a specific focus on six sectors: Agro-Food, Steel, Textiles, Chemicals, Automotive and Defence. The fifth and subsequent sections therefore deal with the following:

- main instruments and initiatives of European industrial policy, with particular relevance to the six sectors under study;
- overview of the policy framework in which the industrial policy debate at the EU level takes place, highlighting recent developments in this field;
- forms, degree and scope of involvement of the European social partners in the industrial policy debate and initiatives at EU level;
- positions and priorities on industrial policy expressed by the social partners at the EU level.
the role that European Sectoral Social Dialogue Committees have played in the European industrial policy debate, and how the various sectoral committees have approached industrial policy issues. The final section presents the conclusions from the first and the second parts of the report.

**Industrial policy in context**

This section first provides a definition of industrial policies that will be adopted in this study, including scope and objectives. Secondly the evolution of industrial policies and the drivers for change over time are outlined and finally a framework of industrial policy instruments is described.

**Different approaches to industrial policy**

Industrial policies have been defined and interpreted differently: from the literature, we can identify a narrow definition that only includes the policies that target specific sectors or even companies. On the other hand, a broader definition can also be identified, which includes not only a *horizontal perspective* but also takes into consideration the broader *objectives* that industrial policy aims to pursue, including for example economic growth and societal welfare.

In this report, the broader definition is chosen in order to include the variety of policy measures in place across the Member States (a comprehensive overview of definitions used in recent years is included in Warwick, 2013). The European Commission in its 2010 Communication (European Commission, 2010) defines industrial policies in its widest sense:

> First, it is about those policies that have an impact on the cost, price and innovative competitiveness of industry and individual sectors, such as standardisation or innovation policies, or sectoral policies targeting e.g. the innovation performance of individual sectors. Second, it is necessary to consider the competitiveness effects of all other policy initiatives such as transport, energy, environmental or social and consumer-protection policies, but also the single-market policy or trade policies. They are crucial components of the overall package as they can have an important influence on the cost, price and innovative competitiveness of industry.

This approach brings together the horizontal and sectoral approach and the whole value and supply chain.

According to the typology proposed by Warwick (2013), industrial policy instruments can be distinguished on the basis of the policy domain to which they refer. In this sense, it is possible to distinguish between policy initiatives that intervene in the domain of technology and technological innovation, product markets, labour and skills, capital markets, land, and in the area of systemic and institutional coordination between governments, markets and economic agents.

Within each policy domain, it is possible to distinguish further between horizontal and selective policies – thus drawing distinctions based on policy orientation rather than domain. Horizontal policies are those policies that aim to improve the general ‘business environment’ and the ‘framework conditions’ within which firms operate without targeting any specific productive sector or area. Selective policies are the policies that are designed to target specific sectors of the economy, specific technologies or specific supply chains. However, the distinction between the two types of policies is not completely clear-cut. On the one hand, horizontal framework policies can have a selective impact on specific sectors. On the other hand, ostensibly ‘selective’ policies can affect overlapping sectors or a collection of different tasks and technologies. Furthermore, when it comes to selective policies we can distinguish between strategic policies and defensive/reactive policies. Defensive/reactive policies refer to those policy instruments which are implemented in response to challenges in the economic environment (for example, policy instruments implemented in response to the 2008/2009 crisis) or to support specific sectors in difficulty. Strategic policies, on the other hand, are policies that aim to identify new areas of production in which to focus investment and innovation efforts to upgrade a
country or an economic area’s industrial and productive structure with a view to either building up on the existing comparative advantage or affirming a new area of comparative advantage (Warwick, 2013).

The broad definition adopted above implies that the notion of industrial policy overlaps with other relevant policy areas such as employment policy and technology and R&D policies. These adjacent areas are also included in innovation policy, which in the EU is defined as ‘helping companies to perform better and contributing to wider social objectives such as growth, jobs and sustainability’; the tools of innovation policy therefore range from ‘establishing supportive framework conditions (for example, human resources, an internal market, intellectual property) to facilitating access to finance, policy benchmarking and enabling collaboration or stimulating demand, for instance, through regulation, standards and public procurement’.

The broader definition of industrial policy and the definition of innovation policy proposed here show overlapping policy areas, which integrate within their scope other issues such as education, regional policy, internal market, trade policy and procurement (Aiginger, 2012).

The assessment of industrial policies from the OECD (2009) has emphasised the efficacy of approaches that integrate a number of tools and instruments, including tools that facilitate and enable renewal such as seed capital funds, policies fostering entrepreneurship and start-ups, skill upgrading and training, and investments in capabilities for innovation. In addition to these innovation instruments, different methods and instruments have also traditionally been used for the purpose of implementing industrial policy. They include public/government procurements, exemptions from antitrust laws, removal of regulatory barriers to competition, access to credit, tax incentives, arranged mergers and acquisitions, control of acquisitions of national companies by foreign investors, and easy access to commodity resources (OECD, 2009).

**Evolution of industrial policies and drivers for change**

The broad approach to industrial policy presented above is a result of a long evolution of industrial policies.

Historically, industrial policies have supported the establishment or development of national champions (Beath, 2002). In the 1960s, several European governments were concerned about the technology and competitiveness gap with US and Japanese companies, therefore industrial policy measures were developed to narrow the gap and develop and support national champions. In interventionist countries such as Italy and France, these policy measures prevailed up to the 1980s (Beath, 2002). The 1980s and 1990s have been described as a critical transition after a long period of growth in the 1950s and 1960s. Two important traits of this era include the extensive liberalisation and deregulation that took place in western Europe, and simultaneously a continued process of economic integration within the European Union. Industrial policies were therefore limited and competition policy constituted the main focus for policymakers. According to Warwick (2013) this period can also be termed laissez-faire, which implies that there is no need for active industrial policy because the efficiency of the market selects ‘winning’ sectors and companies.

By the 2000s, before the onset of the financial crisis, several Member States had initiated policy reform discussions, as reforms were seen as necessary to strengthen innovation and productivity outcomes, particularly to achieve a general improvement in the business environment for innovation. As the service sector accounts for over 70% of the GDP in OECD countries, the focus of these recent policy reforms discussions went well beyond traditional manufacturing policies, and instead aimed at encouraging a stronger coherence between production and services and between the development of the services sector and of network industries as a way to foster stronger innovation. More innovation-friendly regulation combined with lower trade barriers and foreign direct investment (FDI) were also seen as a way to enhance competition and foster the flow of technology and knowledge across borders, as argued also by the OECD (2013).
The financial crisis has revived discussions about the role of industries and, as a consequence, also about the potential role of national champions and of specific policy instruments to support them as a way to reignite economic growth. The OECD has recommended that such policy measures should be temporary, and the support given to national industries should be followed by rationalisation to avoid the creation of new structural problems. However, during the global financial and fiscal crises of 2008 and onwards, several developed economies initiated policies and measures with a sectoral target to stimulate growth and thereby pursue active strategies to reindustrialise or establish new industries. Looking at Europe specifically, industrial policies focused on manufacturing have been revitalised after a long period of offshoring manufacturing, thus increasing the focus on the knowledge and design perspectives. One of the main reasons for this is globalisation: when manufacturing jobs are offshored and the services sector is stagnating, industrial policy is one of the key strategies to generate growth and employment. The social costs of supporting specific industries can also be significant, in relation to the risk of unemployment and potential redundancies that could result from restructuring processes, as well as the potential risk of having a non-adapted skills base as a result of processes of industrial innovation and adaptation. Therefore, recent policy measures with a sectoral focus have prioritised adaptation of the domestic skills base, meeting skill requirements and mitigating the transition costs for the affected workers, rather than supporting the specific industries themselves.

It is important to note that WTO rules also have to be taken into consideration when formulating industrial policies and in the use of traditional industrial promotion instruments, especially when it comes to the protection of national industries. There is indeed potential concern about how the resurgence of industrial policy needs to be balanced with the requirements of international trade agreements, with particular regard to the risks of excessive protectionism and the need to balance efficiency and predictability in the markets with the necessity to maintain responsiveness to growth and development concerns.

The resurgence of sector-oriented industrial policies has coincided with the proliferation and promotion of an alternative systemic approach to industrial policies in recent years. There are several driving forces behind this approach, but a new understanding of the functioning mechanisms of innovation systems constitutes one of the most important ones: innovation research, indeed, has recently emphasised how companies are innovating in the context of a system and not individually. As a result of this perspective, companies’ capacity for innovation is seen as dependent on the quality of the system within which they operate, including R&D, infrastructure, education and so on. Following these insights, some Member States are increasingly turning towards more horizontal policy measures, because the objectives of policies are complex and related to several policy areas at once. Therefore employment and labour market policies have been linked to industrial policy because they constitute an important driver for competition, but also because adapting the skill base potentially supports firms to achieve a wider uptake of innovation and new technology and thereby strengthen competitiveness (OECD, 2007). In several states industrial policymaking is now considered from a systemic rather than piecemeal point of view in order to catalyse industrial development. This new systemic view on industrial policy and how it plays out in EU Member States will be analysed in more depth in this report.

Closely related to this perspective are the demand-driven innovation policies, a relatively new approach to innovation and growth strategies. Among others, Finland (Ministry of Employment and Economy, 2010), and Sweden have adopted this approach, which is based on the identification of key societal challenges or demands, e.g. green energy or demography and ageing. These demands are then decisive for the orientation and formulation of innovation programmes, funding schemes and other policy measures. It is too early to assess the impact of this approach. However, in terms of industrial policies, it represents a complementary approach that is targeted and cross-sectoral at the same time. Finally, ‘smart specialisation’ is a further example of new vertical oriented policies, which are not sector-oriented per se but are instead more related to specific activities and tasks, with a strong focus on the consultation process (Foray and Goenaga, 2013). The vertical elements include, for example, technologies and cluster of companies.
This section has outlined the logic behind the main approaches to industrial policies: the selective and horizontal approaches. For the analysis of the role of social dialogue in shaping industrial policies it is important to distinguish between the two. Table 1 shows the difference between the two approaches, but as stated earlier the actual distinction between the approaches in practice often proves less clear.

**Table 1: Selective and horizontal industrial policies**

<table>
<thead>
<tr>
<th>Approach</th>
<th>Selective</th>
<th>Horizontal</th>
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<tbody>
<tr>
<td>Objective</td>
<td>Sectors</td>
<td>Economic and societal</td>
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<tr>
<td>Instruments</td>
<td>• Exemptions from antitrust laws</td>
<td>• Infrastructure</td>
</tr>
<tr>
<td></td>
<td>• Removal of regulatory barriers to competition</td>
<td>• Technology R&amp;D</td>
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<td></td>
<td>• Access to credit</td>
<td>• Skills &amp; education</td>
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<td></td>
<td>• Tax incentives</td>
<td>• Funding schemes</td>
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<td></td>
<td>• Control of acquisitions of national companies by foreign investors</td>
<td>• Innovation programmes</td>
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<td></td>
<td>• Workforce retraining</td>
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</table>

The implications of this framework for the role of social dialogue will be the focus for the next part of the analysis, but in general the selective approach primarily involves employer organisations whereas the horizontal approach by definition is more oriented towards tripartite involvement. How this is played out in each of the Member States and at EU level will be analysed in the following sections of this report.

**Overview of social dialogue in Europe**

The analysis of industrial policies is conducted across the EU27. Consequently, the institutional characteristics of European industrial relations and the embedded role of social dialogue shape the analytical framework. The financial crisis has affected European countries differently, and individual countries have handled the crisis with a variety of instruments. The analysis of social dialogue therefore has to include the industrial relations regimes across Europe to systematically identify differences and causalities. Following this logic, what works as best practice in one regime cannot be transferred to another regime without transaction costs.

**Industrial relations regimes framework**

The most recent and authoritative framework on industrial relations regimes builds on Visser (2008) and Ebbinghaus (1998) which again builds on the earlier work by Esping-Andersen and the typologies of welfare states and social models (Esping-Andersen, 1990). This framework recognises the importance of existing employment regimes for social dialogue. Table 2 is adopted from Visser (2008) and the analysis of production-, employment- and industrial relations regimes. It focuses on the features of the industrial relations system and the role of social partners and state.

**Table 2: Industrial relations regimes**

<table>
<thead>
<tr>
<th>Industrial relations</th>
<th>Social</th>
<th>Nordic</th>
<th>Liberal</th>
<th>Polarised</th>
<th>Transition</th>
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<table>
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<tr>
<th>regime</th>
<th>partnership (Centre–west)</th>
<th>corporatism (North)</th>
<th>pluralism (West)</th>
<th>pluralism (South)</th>
<th>economies (Centre–east)</th>
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<td>United</td>
<td>Greece</td>
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<td>Slovakia</td>
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<tr>
<td>Role of social partners in public policy</td>
<td>Institutionalised</td>
<td>Institutionalised</td>
<td>Rare/event-driven</td>
<td>Irregular/politicised</td>
<td>Irregular/politicised</td>
</tr>
<tr>
<td>Role of state in industrial relations</td>
<td>‘Shadow’ of hierarchy</td>
<td>Limited</td>
<td>Non-intervention</td>
<td>Frequent intervention</td>
<td>Organiser of transition</td>
</tr>
</tbody>
</table>

Source: Visser, 2008

This framework divides the European countries into five regimes:

1. The Nordic corporatist regime in Scandinavia has the most institutionalised role for social partners and is characterised by a high degree of involvement of both employer organisations and trade unions. Furthermore the role of the state is limited in the industrial relations arena.

2. The social partnership regime in central continental Europe is also characterised by an institutionalised role of social partners. Policy formulation and implementation involves employer organisations and trade unions.

3. The liberal pluralism regime or Anglo-Saxon model emphasises a more limited role of the social partners and the involvement is driven by specific themes or agendas.

4. In the polarised pluralism regime embodied by Spain, Portugal, France, Italy and Greece, the role of the social partners is more irregular and highly politicised; hence the term ‘polarised pluralism’ is used to describe these countries.

5. It is still unclear whether all or some of the new Member States from eastern Europe will assimilate to any of these regimes. Their industrial relations regimes differ in the strength of unions, the autonomy of the social partners, state intervention, and the place of social dialogue at the national level and in companies.

The regimes also differ in terms of social and employment policies, and these policies are to some extent also reflected by the role of social partners in industrial policies. The five regimes therefore differ in terms of the level of bargaining, the role of the state and the role of social partners. This can have a major impact on the role of social dialogue in industrial policies, and the following part of the analysis will be dedicated to exploring these cross-regime differences.
Social dialogue involvement and instruments

Social partners’ participation in policymaking is made possible through ad-hoc consultation, participation in High Level Groups, standing committee meetings and other instruments. On the other hand social dialogue can take place at different levels, such as the cross-sectoral, sectoral, regional and national levels. In the following analysis, we present forms of social partner involvement in each of the five industrial relations regimes listed above.

Social partnership

In countries in central Europe, standing committees are mandatory, with the exception of Germany – which tends to use working groups at national level with a cross-sectoral focus and High Level Groups at regional level, also with a cross-sectoral focus. For example, the German social dialogue related to industrial policies with regard to the ‘energy shift’ (from non-renewable to renewable energy sources) is characterised both by a cross-sectoral and a vertical dimension. At the federal level, the involvement of the collective bargaining partners is low compared with that of companies and business organisations. On the one hand, the Chancellor’s Innovation Dialogue on Federal Innovation Strategies involves companies and the Confederation of German trade unions, but no employer organisations. On the other hand, the trade unions are only represented in one of the working groups on the German government’s High Tech Strategy.

The social partners play a very important role in industrial policies in Austria. They are involved in the process of formulating a large variety of industrial policy interventions at the national level (mostly cross-sector interventions) and to a lesser degree at the regional and local levels. Furthermore, they are active at the sector level (mostly industry-specific interventions) as well. The involvement takes the form of informal cooperation and is not mandatory. There are no statutory bodies or committees, but social partner consultation in Austria is generally based on a practice of permanent but informal cooperation rather than on legal regulations. This also applies to the social partners’ involvement in industrial policies.

In Slovenia, an arrangement in the recently established multistakeholder competitiveness council includes experts across sectors and disciplines. Furthermore, the Slovenian social partners are represented in the Economic and Social Council and are thus involved in the formulation of policy and in hearings regarding, for instance, national strategies.

Turning to Belgium and the balance between the social partners in terms of their involvement with industrial policymaking, there appears to be a tendency towards a higher degree of employer organisation involvement than trade union involvement. In the new industrial policy in the Flemish region, however, a tripartite set-up has been established and the social partners are involved in the preparation of policy measures.

In the Netherlands, the involvement of the social partners is largely restricted to employers’ organisations. Union involvement is mainly restricted to the tripartite Social and Economic Council (Sociaal-Economische Raad, SER), the bipartite Labour Foundation (Stichting van de Arbeid, STAR) and initiatives focusing on social innovation. Universities and research centres play a more prominent role than the trade unions.

Nordic corporatism

Participation of social partners in the Nordic countries is mostly mandatory on both tripartite standing committees and ad-hoc committees, as well as in hearings and consultations, and at conferences.

Most industrial policy interventions in Sweden are formulated as horizontal interventions across sectors. This is mainly because of the central confederations’ relatively important role and the way in which the social partners are involved in the process of formulating industrial policy interventions. The peak organisations in Sweden are involved in the industrial policy formulation process by responding to committee reports at the national, cross-sectoral level.

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Another example of tripartite social partner involvement is represented by the so-called ‘growth committees’ in the Danish regions, which include not only the social partners but also NGOs and research institutions. In general, there is a significant difference between the influence of the social partners on the employment policy and the industrial policy realm respectively. There is a stronger tradition of involvement of the partners in the employment policy than in industrial (growth and innovation) policy, although their influence has changed since the beginning of the 1990s. In recent years, ministerial changes have limited the influence of the social partners in the councils and committees, which used to be the norm in the 1980s (Sidenius, 1999; Mailand, 2008).

In Finland, the involvement of the social partners in hearings and consultations is mandatory and they influence policies as well as other economic and social issues including industrial and innovation policies through their representatives. These representatives work in various committees and working groups. Furthermore tripartite committees – both standing and ad-hoc committees – are commonly used but not statutory.

Norway is also an example of a system where the social partners play an important role in industrial policy formation as well as in implementing the policy and developing different tools and measures. The Norwegian industrial relations model – in which tripartism is a key instrument combined with extensive social dialogue at the central, sectoral and local levels – is supported across party lines. Representatives of the social partners are found both on committees and on the boards of important instruments. Another feature of the model is the active labour market policy aimed at supporting innovation and renewal in the different industries.

**Liberal pluralism**

In the UK, industrial policies are generally shaped between government and business or employer organisations, with very limited involvement of trade union representatives. There are, however, some instances of tripartite initiatives where union representatives are involved, such as in the automotive sector, the oil and gas sector and the construction sector.

In Ireland, the picture is similar to the UK. In general, there is no sector-specific involvement on a tripartite basis. Since the collapse of formal social partnership process/agreements in 2009 the social partners have sought to influence industrial policy through bilateral channels. A key issue that has arisen recently regarding competitiveness in certain sectors is the matter of wage-setting mechanisms. Employers and unions made submissions to a review of these wage-setting mechanisms in 2011.

In Malta, the social partners discuss policies in tripartite forums. They also unilaterally put forward their own policy proposals. The stakeholders in Malta include the Malta Council for Economic and Social Development through which Malta’s major social partners are consulted on important government policy reforms. Another key multistakeholder committee is the Employment Relations Board, which is also tripartite in nature, and which advises the government on employment-related legislative changes.

There are no relevant statutory procedures for social dialogue in Cyprus. Instead, Cyprus has ad-hoc multistakeholder working groups or technical committees and various means, including hearings, consultations and seminars are used. The stakeholders involved are mainly representatives of the business sector (such as businesses, employer organisations, professional associations and research centres); no representatives of the trade unions participate in the dialogue.

**Polarised pluralism**

In the ‘polarised pluralism’ regimes, the social partners are involved in both standing and ad-hoc committees, but these are not tripartite committees. A good example of this regime is France, where the impact of social dialogue on industrial policies is limited. A new consultation body, the National Industry Council, was set up in 2010 as an ‘industrial parliament’ to advise the French government on policy selection and formulation. Some French unions have demanded stronger involvement by the French state in industrial policies. However, in France there is social partner involvement at the regional level in the Economic, Social and Environmental Committees. These committees may issue
opinions on issues concerning regional economic development, but their recommendations are not binding.

In Greece, the relevant involvement takes place in High Level Groups and multistakeholder committees – in the Competitiveness Monitoring Committee, the National Council and the Committee of Experts on Competitiveness and Development. In these processes of planning and implementing industrial policies, the role of the social partners is limited and includes consultation processes without any elements of negotiation and without having an essential and binding character as regards the decision-making and the planning of the industrial policy.

In Spain, any involvement of the social partners in industrial policies has traditionally been rather limited, except in some areas such as training or restructuring. In 2010 the social partners were consulted by the government in the context of the debate on the new Integral Plan for Industrial Policy 2020. A tripartite ad-hoc committee was set up in 2011 and a joint Agreement was reached on industrial, energy and innovation policies. However, the Committee was discontinued later with the change in government. In October 2012, the industry federations of the two most important Spanish unions, CCOO and UGT, called for a demonstration demanding that the government develops an active industrial policy. In the manifesto written jointly by both unions, they criticised the weakness of Spanish industry. The National and Integral Tourism Plan 2012–2015 (Plan Nacional e Integral de Turismo 2012–2015) was sent to social partners for consultation and comments; however, it is not clear to what extent those comments have been taken into consideration.

In Italy, the involvement of the social partners essentially takes place on an ad-hoc basis at the initiative of the government and the relevant ministries according to the various policy areas.

Another important contact with the policymaking process takes place through hearings in parliamentary committees, which are part of the more general advocacy initiatives carried out by interest organisations. The social partners often see this lack of a formal arena for policy concertation as a weakness, and in 2013 they called for stronger involvement in industrial policies and notably in the formulation of restructuring policies.

Portugal is also an example of a country where there is a clear divide of opinions between unions and employers regarding the role of social dialogue in industrial policies. In general, the employer organisations have a positive assessment of social dialogue in industrial policies, whereas the trade unions point towards a lack of commitment on the part of the government to meaningful social dialogue. Administratively, Portugal is a highly centralised country; a tripartite standing committee for social concertation has been established, but it does not refer directly to industrial policies. There are mandatory consultations but they refer to changes in labour market policy only. The Economic and Social Council (CES) is a multistakeholder (including social partners) body that can express opinions on other legislation as well.

**Transition economies**

In the transition economies, the characteristics of the type and modalities of social partners’ involvement are more diverse. The contrast between state and trade unions is less confrontational compared to the polarised pluralism regime in southern Europe, and social dialogue is less institutionalised compared to, for example, the Nordic corporatist regime or the social partnership regime, even though several of the transition economies have tripartite structures in place (Visser, 2008).

Bulgaria has established consultative councils in sectors and subsectors that include NGOs, the social partners and other stakeholders. The social partners are not involved in the formal structures dealing with industrial policy and they are rarely invited to participate in consultations. However, the employer organisations (primarily) present their own positions and views on legislation and strategies in this field. It is important to note that tripartite structures are in place but the meetings of the tripartite bodies, i.e. the consultative committees on different issues, are limited to information on
decisions that have already been made and the views and proposals of the social partners are often not included or taken on board.

Recent political developments in the Czech Republic have decreased the focus on industrial policies. Still, there are a number of tools and measures to promote economic growth, employment and exports. In this context, the most comprehensive measures are operational programmes supported financially by the EU Structural Funds and partly funded by the state budget. The Czech social partners have been active participants in the development of these operational programmes.

In Latvia, the social partners are consulted via the national tripartite cooperation council. Industrial policies in Latvia promote structural changes in the economy and therefore industrial policy is part of the national development plan.

In Estonia the social partners are commonly involved in formulating industrial policy interventions. There has been sector formulation of specific involvement and cross-sector involvement in the formulation of horizontal interventions. An Estonian peculiarity is that in the formulation of industrial policy instruments the involvement of social partners usually takes place at the national level. The involvement of social partners has had several positive effects; for example, policy initiatives have become more robust and relevant.

Lithuanian business representatives are involved in national innovation strategies and development plans. However, the trade unions are rarely involved in the process. Currently, with the approach of the new Multiannual Financial Framework (2014–2020), Lithuania is formulating a Research and Innovation Strategy for ‘smart specialisation’. For this purpose, priority fields were identified in 2013 (see Box 4 below) and submitted for consideration by all the stakeholders. In the absence of such dialogue traditions, the social partners seem to play a minor role in the abovementioned processes.

Hungary is another example of the low institutionalisation of social dialogue, as the main industrial and growth strategies have been developed and published without consulting the stakeholders. The role of the social partners was marginal in the process. Moreover, the role of social partners in implementing the strategy appears to be limited. The same social dialogue role can be seen in Poland where it involves the social partners to a minor degree even though tripartite committees exist.

An imbalance between the involvement of employers and trade unions has also been highlighted in Slovakia. Here, the social partners are consulted on industrial policies mainly via the statutory tripartite Economic and Social Council and ad-hoc committees established by the government. The social partners are involved in consultations about almost all relevant industrial policy instruments. However, the social partners themselves assess their involvement as relatively low.

Finally, Romania exhibits a more institutionalised role when it comes to social dialogue. Social dialogue Act 62/2011 created the conditions for the establishment of the National Tripartite Council for social dialogue, which debates and analyses the drafts of the programmes and strategies proposed by the Government. The Act makes it mandatory for proposed legislation on economic financial and tax policies, labour relations and so on to be put before the Economic and Social Committee (CES) for an opinion. The existing legal framework in Romania provides the necessary conditions for involvement of the social partners when designing and implementing industrial policies at national, sectoral and local levels. At central level (ministries and other public institutions), and at local level (counties and Bucharest City), social dialogue commissions perform the same role as advisory platforms that help create a social partnership between the administration and the nationally representative employer and trade union confederations.

In conclusion, the involvement of the social partners across Europe varies from countries with a high degree of formal involvement to those where there is limited involvement. In general the patterns from the country analysis reflect the industrial relations regimes: the most formalised social dialogue is seen in the Nordic countries with mandatory tripartite committees. The central European countries that represent the social partnership regime also exhibit a high involvement of the social partners at a general level – however this is primarily related to employment policies rather than industrial policies per se. In the liberal and polarised pluralistic regimes the social partners are involved in consultations and hearings, whereas involvement in standing committees is less common and not formalised. The
Transition economies are the most diverse but also the largest group of countries, and general conclusions across these countries cannot be drawn as the traditions and involvement of the social partners differ immensely. The following sections explore industrial policy instruments in further detail.

**Industrial policy instruments**

The industrial policy instruments in place in the Member States can be categorised in two main groups: horizontal or cross-sector instruments and those applicable to selected sectors. Moreover, the horizontal or cross-sectoral instruments can be related to specific themes or policy domains such as training and education, manufacturing and productivity, tax and trade. The examples from each country show the variety in the degree of involvement of the social partners in committees, hearings and other forums, as well as examples of tripartite, bipartite and unilateral involvement. The analysis also highlights a number of cases that address both: new forms of industrial policies and different types of involvement of the social partners in concrete industrial policies initiatives.

**Table 3: Examples of industrial policies instruments across countries and regimes**

<table>
<thead>
<tr>
<th>Social partnership</th>
<th>Horizontal</th>
<th>Selected sector(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>National platform for electric mobility</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>Food</td>
<td></td>
</tr>
<tr>
<td>Netherlands</td>
<td>Chemicals</td>
<td></td>
</tr>
<tr>
<td>Belgium</td>
<td>New industrial policy</td>
<td></td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Restructuring</td>
<td>Steel</td>
</tr>
<tr>
<td>Slovenia</td>
<td>Restructuring</td>
<td></td>
</tr>
<tr>
<td>Nordic corporatism</td>
<td>Competitiveness</td>
<td></td>
</tr>
<tr>
<td>Denmark</td>
<td>Productivity</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>Innovation</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>Energy</td>
<td></td>
</tr>
<tr>
<td>Liberal pluralism</td>
<td>Innovation</td>
<td></td>
</tr>
<tr>
<td>Cyprus</td>
<td>Competitiveness</td>
<td></td>
</tr>
<tr>
<td>Ireland</td>
<td>Employment/skills</td>
<td></td>
</tr>
<tr>
<td>Malta</td>
<td>Selected sectors</td>
<td></td>
</tr>
<tr>
<td>United Kingdom</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polarised pluralism</td>
<td>Industrial council</td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Country</th>
<th>Sector/Field</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greece</td>
<td>Skills</td>
</tr>
<tr>
<td>Italy</td>
<td>Restructuring/skills</td>
</tr>
<tr>
<td>Portugal</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Spain</td>
<td>Industrial policy</td>
</tr>
<tr>
<td>Transition economies</td>
<td></td>
</tr>
<tr>
<td>Bulgaria</td>
<td></td>
</tr>
<tr>
<td>Czech Republic</td>
<td>SMEs &amp; clusters</td>
</tr>
<tr>
<td>Estonia</td>
<td>Events &amp; Tourism</td>
</tr>
<tr>
<td>Hungary</td>
<td>ICT + pharmaceuticals</td>
</tr>
<tr>
<td>Latvia</td>
<td>Tax &amp; Duty, innovation</td>
</tr>
<tr>
<td>Lithuania</td>
<td>Six priority fields</td>
</tr>
<tr>
<td>Poland</td>
<td>Restructuring and training</td>
</tr>
<tr>
<td>Slovakia</td>
<td>Investment schemes</td>
</tr>
<tr>
<td>Romania</td>
<td>Cluster and export promotion</td>
</tr>
</tbody>
</table>

**Cross-sectoral industrial policies instruments**

The examples of cross-sectoral industrial policies cover the following topics: Competitiveness and productivity; Restructuring and adapting the skill base; and Clusters and SMEs. Restructuring and adapting the skill base can also take place within specific sectors and are therefore not necessarily cross-sectoral.

**Productivity and competitiveness**

Finland and France have established national councils for productivity. These councils are not instruments as such and are closely linked to the institutional set-up. The national councils in France function as an 'industrial parliament' that ensures input from relevant actors to French industrial policies. The French prime minister heads the councils and other members of government are invited to attend them. Moreover, the members represent both employer organisations and trade unions through their social partner organisations. There are 13 such councils (CNI) covering specific trades and industries and each of these trades and industries is entitled to develop specialised action plans. Furthermore, they are asked to develop investment and innovation programmes, for which the state provides financial means through its ‘Future Investment’ programme and the Public Investment Bank. The set-up of the Finnish joint round table for productivity is different from that of the French CNI. First of all, the round table has been set up to promote cooperation between the country’s labour market organisations regarding issues such as productivity and quality of working life in Finland. Most importantly, the Joint Round Table of Productivity is a permanent body that offers a forum for the social partners when handling issues concerning industrial policy.

Innovation Norway is the main instrument for innovation and productivity growth in Norway and is partly national and partly regionally funded. Innovation Norway is an important source of funding for local initiatives, including initiatives based on collaboration between the social partners but also an example of the involvement of the social partners.

In Denmark, the regional councils for business and growth involve both employer organisations and trade unions. These regional councils focus particularly on green tech, low carbon industry, innovative business solutions, and infrastructure. The instruments include innovation programmes, support for R&D, cluster promotion, internationalisation of SMEs, financial and knowledge measures supporting...
entrepreneurship and micro companies. Nearly all aspects support sustainable growth and innovation. Even though they are formally tripartite institutions and the social partners are permanent members of the growth councils their influence is limited. This applies particularly to the trade unions since trade and industry members – or the potential members of the employer organisations – are well represented. The Danish Confederation of Trade Unions (LO) and the Salaried Employees and Civil Servants Confederation (FTF) have pointed out that this is a problem in terms of the unions’ actual influence on Denmark’s growth and employment policy.

In Belgium, industrial policy is a key component of the regions’ economic policies, and they have embarked on a specialisation process in support of the economy and employment. The regions coordinate the different projects in a concept named New Industrial Policy in the Flemish Region or Marshall Plan 2022 in the Walloon Region. The small Brussels Region also has a Marshall Plan for a sustainable development of the region. The Flemish New Industrial Policy fits into the Flanders in Action Pact 2020. The primary goal is to ensure the future of Flemish industry by creating new, sustainable growth opportunities, ensuring a future for current mature industry sectors. The focus is on cross-sectoral value chains, cluster formation and large projects. The policy consists of four pillars: productivity, innovation, infrastructure and adapting the skill base. It is a tripartite set-up and the social partners are involved in preparatory measures.

Following negative developments in the steel industry, Luxembourg has initiated a committee for the support, development and promotion of industry in the principality. The process is in the initial stages, and the primary goal is to find and identify new niches for industrial development; promoting employment and skills; supporting the competitiveness of enterprises (infrastructure, administrative environment, energy savings and climate change); evaluating the framework for support of the industry (R&D, finance, risk capital and so on); and coordinating the promotion of Luxembourg as a place of industrial development. In contrast to the previous example, where the trade unions were involved, this broader initiative has a more moderate involvement of the trade unions.

In Slovakia the Competitiveness and Economic growth Operational programme prioritises innovation and growth of industries and is co-funded by state budget and European funds. The objective of the instrument is to increase penetration of innovation and innovation processes into production. It also aims to promote economic development, and to reduce regional disparities by developing disadvantaged regions through the creation of new jobs. The social partners were involved in the preparatory stage of the instrument and in amendments made to it.

Box 1. Germany: The Energy Shift – cross-sectoral development and competitiveness

Instrument

The National Platform for Electric Mobility (NEP) is a recent example of an industrial policy initiative that involves the social partners in Germany. The NEP is a joint German effort to increase competitiveness and advance the expected ‘energy shift’ to renewable energy sources.

The National Strategy Conference on Electro Mobility, which four Federal Ministries staged together in 2008, involved leading car manufacturers and energy companies. Subsequently, a National Strategy Plan on Electro Mobility was put in place by the federal government in 2009 with the plan that Germany will become the leading market and supplier of electric mobility.

The NEP serves as an advisory board to the federal government. It is tasked to monitor the implementation processes by issuing progress reports and giving recommendations on the next policy steps and measures.

Involvement
The NEP Steering Committee comprises 20 representatives from car, energy and electrical companies
of the industry circle on electro mobility established by business and employer organisations, research
institutions, the federal ministries and a member of the IG Metall union. The main topics are
technological and economic development, standardisation, vocational education and training.
The trade unions and the employer organisations representing SMEs are represented in two out of
seven NEP (multistakeholder) working groups. In the working group on framework conditions (26
members), which writes up the NPE progress reports, IG Metall, IGBCE and the German
Confederation of Skilled Crafts (Zentralverband des deutschen Handwerks, ZDH) and the German
Association for Motor Trades and Repair (Zentralverband des deutschen Kraftfahrzeuggewerbes,
ZDK) are represented by one member each.
In the working group on qualifications, three employer organisations represent SMEs (ZVEI, ZVEH,
ZDK) and IG Metall has a member. Both working groups are headed by two company representatives
and a university professor.

Impact
A cross-sectoral stakeholder approach is seen as central to achieving increased competitiveness and
the expected energy shift. Even though it is too early to measure outcomes of the NEP, both the trade
unions and the employer organisations carry out the roles of communicating the industrial policies to
workers and SMEs respectively, which is key for a wider implementation of the programme.

Restructuring and adapting the skill base
The restructuring examples are mostly from the transition economies and include some funding from
the European Regional and Development Funds. Apart from Slovakia, Slovenia, Estonia and Poland,
Italy and Luxemburg are also good examples of industrial policies tied to restructuring. Restructuring
has two main aspects; one is bailout of companies the other is adapting the skill base.
Italy put in place so-called ‘Exceptional Social Shock Absorbers’ in many regions, a notable example
of which is Lombardy. These provide workers who have their working hours reduced or are
temporarily laid off due to industrial restructuring processes with a replacement income, and have thus
been used extensively in many productive sectors as a way to provide subsidies for restructuring and
provide support to companies in crisis. However, they also represent a clear example of social plans in
case of restructuring as they are used as a tool to favour the adaptation of the skills base and to fund
the training/retraining of workers. The instrument has been co-funded by the national government and
the regional administrations, including the use of the European Social Fund in connection with active
labour policies and notably training programmes. The initial funding for 2009–2010 was expected to
be EUR 8 million nationwide and about EUR 2 billion in 2013. The social partners have been involved
in all stages. In the policy preparation, they contributed to the definition of the criteria and the contents
of the various interventions, which had to be defined in collective agreements. Moreover, there were
joint commissions which had a supervisory and co-decision role regarding the implementation and
adjustment of the policy measures, as well as responsibility for monitoring the application and
outcomes of the policy instruments.
Luxembourg provides an example of how the social partners were involved in the redeployment and
reclassification of employees in an initiative funded by the state and the company ArcelorMittal. The
reduced demand for steel in the construction sector in 2009–2012 resulted in a total loss of EUR 78
million in two of the company’s plants. Consequently, the company was planning massive job cuts.
The social partners agreed to participate in consultations with the goal of finding a reasonable solution
to the crisis. All of them were heavily involved through the tripartite steel coordination committee.
Because of the tripartite negotiations, the social partners reached an agreement stipulating that 132 of
the jobs would be moved to other ArcelorMittal sites in Luxembourg. The remaining 132 employees
would be reclassified. The social partners held a series of negotiations, which involved tripartite
meetings, and managed to establish an agreement in a relatively short period of time. As a result, the
finalised version of the rescue plan was approved by the government within two months. The example
highlights both the traditional as well as a very active trade union role.
Poland is an interesting example of how the social partners were involved in formulating a restructuring programme. This involved two companies from the shipbuilding sector (Stocznia Gdynia Inc. and Stocznia Szczecińska Nowa Ltd.), and their employees covered by the Voluntary Redundancies Programme and the Monitored Redundancies Programme. As the government did not rush into addressing the challenges of economic stagnation, both employer organisations and trade unions launched autonomous talks aimed at devising a consensually agreed framework for a feasible policy response. Technically, the negotiations were bipartite, yet they were conducted within the Tripartite Commission, with government representatives absent, and they only involved the seven central-level social partner organisations. Most importantly, the restructuring took the form of supporting employers by more flexible rules for extending working time calculation and by allowing reduced working time but also providing support to employees and employers in the form of subsidising remuneration from public funds and mandatory dues to be paid to the social security system. The skill perspective consisted of supporting vocational training and human capital development, in particular through co-financing the costs of vocational training for employees as well as co-financing the costs of postgraduate courses at university level for employees.

Slovenia has initiated a crisis intervention package aimed at saving companies from bankruptcy and preventing the unemployment rate from rising in the Zasavje geographical region. Social partners (Association of Free Trade Unions of Slovenia, ZSSS) were involved in the awareness-raising stage, and publicly urged the government to provide financial help to SVEA and two other companies in crisis (Aha Mura and Peko).

Clusters and SMEs

A third cross-sectoral industrial policy instrument is the promotion of clusters of companies and of SMEs.

In the Czech Republic the OPEI programme, funded by the European Regional and Development Fund, focuses on competitiveness, innovation and SMEs. This specific instrument includes support for R&D, cluster promotion, improvement of access to finance, loans guarantee and adapting the skill base. The social partners (the Confederation of Industry of the Czech Republic, the Confederation of Employer and Entrepreneur Associations of the Czech Republic, Czech-Moravian Confederation of Trade Unions) were invited to express their opinions on the content of the activities to be supported by OPEI. Several conferences were held to discuss the realisation of OPEI with central state administration authorities, regional authorities, and economic and social partners. The social partners and other relevant entities also commented on the draft of the OPEI in two interdepartmental comment procedures ahead of the first and final submission of the operational programmes to the Czech government. Finally, the social partners are members of the OPEI Monitoring Committee.

In Romania, a programme has been initiated to strengthen the competitiveness of the innovation clusters and improve industrial competitiveness in general. The programme includes research institutions, consultancies and the cluster organisation. The National Strategy for Competitiveness 2014–2020 and the National Industrial Policy Strategy 2014–2020 are both in the phase of public debate, and aim at creating centres for regional and international production and technological development through smart specialisation; to redirect focus to innovation and to integrate network industries in the value added creation chain. The cluster promotion initiative aims to increase the competitiveness of the manufacturing industry and benchmark the competitiveness of industrial sectors through tripartite cooperation.

The system of responsible manufacturing targeting entrepreneurs in Portugal is an interesting example of how insights can turn into impact. The Portuguese example is outlined in Box 2.
Box 2. Portugal: Manufacturing and entrepreneurship policies

**Instrument**
The system of Responsible Manufacturing that targets entrepreneurs in manufacturing is aimed at accelerating licensing procedures and supporting the establishment of manufacturing activities in Portugal. The creation of the administrative structures for accelerating entrepreneurship support is financed by the state budget. The functioning of the system is financed by stakeholder contributions and possibly in part by the state budget.

**Involvement**
In preparing the system, the government consulted the National Commission for Data Protection, the National Association of Municipalities and the CIP (Entrepreneurial Confederation of Portugal – Confederação Empresarial de Portugal). The CIP was involved in the analysis of the weaknesses of the previous system of licensing and in the elaboration of the new system. In June 2012, the State Secretary of Entrepreneurship, Competitiveness and Innovation participated in a discussion of the project organised by the CIP. On this occasion, the CIP presented a document that named some aspects that it considered critical to a successful implementation. The consultations were followed by a meeting between the State Secretary of Entrepreneurship, Competitiveness and Innovation and CIP in June 2012 (some weeks before approval of the decree-law putting the project into effect).

**Impact**
The CIP considers that the new system puts an end to administrative burdens of the old regulation, thus removing some serious obstacles to investment. The complexity and inefficiency of the Portuguese licensing system has been criticised as one of the major obstacles to investment. The active participation of the CIP appears to have helped enhance the effectiveness of the reform in 2012.

In summary, the SME- and cluster-related industrial policies demonstrate the importance of the knowledge that the social partners can add in order to increase the robustness of the programmes and secure the implementation process.

**Sectoral industrial policies**
Several of the sectoral examples are part of broader targeted programmes consisting of a selection of sectors. As there is no collaboration across industries or sectors, these programmes are defined as sectoral industrial policies.

This approach to sector-targeted programmes is exemplified by the UK, which has chosen specific sectors through analysis and partnerships with industry (BIS, 2012):

- Advanced manufacturing, including aerospace, automotive and life sciences.
- Knowledge-intensive traded services, including professional and business services, the information economy and traded aspects of higher and further education.
- Enabling sectors, such as energy and construction.

The programme has involved setting up joint government and industry councils. These councils provide a forum for discussion with the Department for Business, Innovation and Skills (BIS) and provide an opportunity to advise the government on the development and delivery of the sector-specific strategies. While employers are well represented in these councils, trade unions have only a limited representation.
Box 3. UK: A new approach to industrial policy in the automotive sector

**Instrument**
In the UK, the approach has been to develop industrial policy through partnerships with industry in specific industrial sectors. The automotive sector has been chosen because significant technical change is taking place in the industry, and also to encourage innovative low carbon vehicle collaborative R&D projects. The instrument targets four main areas:

1. **Innovation Programme:** investment in a new Advanced Propulsion Centre (APC).
2. **Support for R&D:** GBP 10 million made available for highly innovative low carbon vehicle collaborative R&D projects that can demonstrate a strong potential for industrialisation.
3. **Investment Incentives:** establishment of a new Automotive Investment Organisation (AIO) within UK Trade and Investment (UKTI).
4. **Adapting the Skills Base:** establishing apprenticeships, increasing graduate employment, developing a scholarship scheme and attracting more women into automotive careers.

**Involvement**
The approach includes government and industry councils. These councils provide a forum for discussion with the Department for Business, Innovation and Skills and an opportunity to advise the government on the development and delivery of the sector-specific strategies. While employers are well represented on these councils, trade unions have only limited representation. For all parts of the programme, it is formally a tripartite set-up with government, employer organisations and trade unions. Furthermore, a Joint Automotive Council has been established to look at the long-term strategic development of the UK automotive industry. This council works as a tripartite standing committee.

**Impact**
It is still too early to assess the impact of the policy initiative.

In the Netherlands, nine so-called top sectors have been selected, namely the chemical industry, water, logistics, life sciences and health, agriculture & food, the creative industries and energy. All sectors have a human capital agenda including increasing the number of technicians, of whom there is a shortage in the Netherlands. Successive Dutch governments have shown a preference for generic policies as opposed to detailed, specific instruments. This is also true for the present policy. The involvement of the social partners is largely restricted to business and employer organisations. Involvement of the unions is mainly restricted to the tripartite Social and Economic Council (Sociaal-Economische Raad, SER), the bipartite Labour Foundation (Stichting van de Arbeid, STAR) and initiatives focusing on social innovation. Universities and research centres play a more prominent role than the unions. In this example, there was no union involvement, only businesses and employer organisations, technology institutes and universities.

Estonia launched a successful initiative for tourism export promotion (2009–2015) that received co-financing from the European Regional Development Fund. The overall rationale for the instrument was to increase the number of overnight visits of foreign tourists in Estonia. It was initiated by the social partners due to the financial and economic crisis in 2008–2009, with a view to reducing the seasonality and influence of the crisis on tourism. Social partners were intensively involved in the policy preparation stage. The main form of involvement was consultation. Estonia adopted as well initiatives launched by the European Commission, such as Innovation voucher grant and Smart Specialisation.

In Lithuania, six priority fields were identified in 2013: 1. efficient energy systems and sustainable environment; 2. health, health technologies and bio-pharmaceutics; 3. food technologies and agro-
innovation; 4. new processes, materials and technologies for industry, 5. transport, logistics and e-systems, 6. inclusive and learning society. In the absence of a tradition with social dialogue, the social partners appear to play a minor role in the process in general. Thus, the involved stakeholders consist of employer organisations, business and science representatives, who are involved in policy preparation and consultation, and ad-hoc High Level Groups. These partners were engaged in the initiation of the programme and played a key role in its design.

**Box 4. Lithuania: Biotech development with bipartite involvement**

**Instrument**
The biotech development initiative is part of the broader research and innovation strategy for smart specialisation. The objective of the programme is to accelerate biotechnology industry development in Lithuania with state funding. The target groups are enterprises and research institutions within the field of biotechnology.

The aim is to create new jobs in the entire chain of added value, from agriculture and forestry to the end-product industries. The new culture of innovation will promote closer cooperation between business and science and will create preconditions for the establishment of spin-off companies.

The main activities of the programme are:
1. creation of materials and products from renewable raw materials using biotechnological methods;
2. creation of bio-plastics and materials to produce them from renewable sources using biotechnological methods;
3. creation of new biocatalysts and development of their application technologies; and
4. creation of products for pharmaceutical and veterinary purposes.

**Involvement**
Enterprises, employer organisations and science representatives participated in the policy preparation and consultation, policy decision and policy implementation stages. Employer organisations and science representatives initiated and participated in the design of the programme in 2010. In 2011–2012, representatives from employer organisations and science were involved in the assessment of applications and in 2011–2013 in the implementation of the programme.

**Impact**
Implementation will be completed at the end of 2013 and an assessment of its final results/outputs is therefore not available. The interim progress reports submitted by the MITA to the Ministry of the Economy on an annual basis are not publicly available.

Finally, the Spanish Integral Plan for Industrial Policy 2020 is structured around five pillars:
1. improve the competitiveness of industry
2. foster innovation and R+D
3. encourage the growth and dynamism of SMEs
4. promote companies’ exports
5. reinforce strategic sectors.

The plan has identified seven strategic sectors, namely automotive, aerospace, biotech, ICT, environment, renewable energy and agro food. Another sector-specific initiative relates to the 2012–2015 National and Integral Tourism Plan (Plan Nacional e Integral de Turismo 2012–2015) with a view to reversing the loss of competitiveness of the tourism industry.
It should be noted that the social partners were initially involved in the policy preparation in a tripartite committee. When the social partners together with the government reached an agreement on industrial policy in 2011, the content of that agreement lacked specific measures. Concerning the formulation of the Integral Plan for Industrial Policy 2020 (enacted by the government in 2010), the social partners had a merely consultative role.

Another example of a sector-specific approach comes from Hungary, which has specifically targeted digital infrastructure, including R&D activities as a priority. Related to this is the key objective of an adapting the ICT skills base in SMEs. The social partners had a limited role in the process. However, bilateral consultations took place with SME sectoral actors and organisations in order to develop the plan. These consultations were not publicised, so their influence is difficult to measure. The EU Cohesion Fund and other EU funds provided financial support to the project. The social partners’ role in the process was marginal.

This targeted approach is also visible in Austria, where the focus has been on establishing a food sector cluster. The objectives of the cluster initiative are development of the strengths in the food industry; promotion of the competitive strength and innovative strength of the companies in the food industry; innovation through cooperation; intensification of the relationships within the food industry; and the support of SMEs in particular. The social partner involvement was unilateral and only included the regional Upper Austrian branch of the Federal Economic Chamber (WKOÖ).

Box 5. Sweden: Innovation programme for energy

Instrument
The objectives of the instrument are to enable research and innovation in the energy sector with the aim of building the scientific and technological knowledge and skills necessary for a sustainable energy system in Sweden.

This system should be characterised by a combination of ecological sustainability, competitiveness and security of supply. It should also develop technologies and services that can be commercialised by the Swedish industry and contribute to sustainable growth and energy system transformation and development both in Sweden and in other markets, and contribute to and benefit from international energy cooperation.

Involvement
The social partners were primarily involved in the policy preparation stage, where they provided input to the government bill through referrals and comments on the Swedish Energy Agency’s (Energimyndigheten’s) report. An example of a social partner that was involved in this process was the employer organisation the Confederation of Swedish Enterprise (Svenskt Näringsliv) (Remissvar). Similar issues have also been discussed and emphasised by some of the trade unions, such as the Swedish Trade Union Confederation (LO) (Möt klimatkrisen med investeringar och teknikutveckling) and the Swedish Confederation for Professional Employees (TCO).

Impact
In the government bill (Regeringens proposition 2012/13:21) it was noted that the Confederation of Swedish Enterprise (Svenskt Näringsliv) contributed to the decision that the funds for research, development and demonstration of energy should continue to be administered by the Swedish Energy Agency (Energimyndigheten). The same social partner also advocated a more international perspective.

In Cyprus, the Policy for Innovative Entrepreneurship (Σχέδιο Στήριξης Επιχειρηματικής Καινοτομίας) was introduced in 2012. It is essentially a subsidy scheme to support innovative entrepreneurship for ICT and other high-technology or high-specialisation sectors such as biotech. In the context of this initiative, the public consultation addressed all major stakeholders, mainly...
representatives of the business sector (businesses, employer organisations, professional associations, research centres and so on), but not any trade union representatives.

**Summary**

This section presented five detailed cases – one from each of the regimes:

1. The German example shows how a challenge-driven policy approach has involved stakeholders across sectors in tripartite+ form to transform the automotive and energy sector, with the aim of bringing the German industry to the forefront of technological development.

2. The more specific policy example from Portugal shows the involvement of a single social partner, and how knowledge from ‘the real world’ has contributed to a robust industrial policy instrument that targets entrepreneurs.

3. The UK case is a good example of how a programme of sector-specific industrial policies can involve the social partners, but it also exemplifies an unequal balance between trade union involvement and employer organisations.

4. The Lithuanian biotech initiative is part of the innovation strategy for smart specialisation. The objective of the programme is to accelerate biotechnology industry development. The example shows how the employer and business side is part of the policy process.

5. Finally, the Swedish case is also an example of innovation and industrial policies. However, it also includes trade unions in the process – unlike the Lithuanian case. Even though it is specifically aimed at the energy sector, it also contains a broader technology and skill perspective. Just as in the German example, the innovation programme is led by a climate and sustainability challenge.

In conclusion, the types of policy instruments analysed above show a variety of approaches from very specific policy initiatives to broad competitiveness councils. The analysis also supports the notion of renewed interest in industrial policies. Five groups of industrial policies can be identified:

- Germany, Sweden, Norway and Finland have chosen a horizontal approach to industrial policies that acknowledges the need to include education, training and R&D.

- Other countries, such as Spain, the UK, Lithuania, Cyprus, Hungary and the Netherlands, have a sectoral focus but the involvement of the social partners is limited, particularly the trade unions.

- One group of countries has deliberately supported clusters of companies (Romania and Austria) either in specific sectors or because of size (SMEs in the Czech Republic) or maturity (start-ups and entrepreneurs in Portugal). The analysis showed how these very specific measures seem to have promising impact even though final evaluation of the outcomes is premature.

- Denmark, Belgium and to some extent Italy have highlighted a regional approach to industrial policies, which reflects the role of the social partners on a regional level.

- Finally a large group of countries (Slovenia, Slovakia, Estonia, Poland, Italy and Luxembourg) have initiated traditional restructuring measures as a result of the financial crisis. In this respect the European Regional Development Fund plays an important role as the funding mechanism in the transition economies.

The patterns of the groups highlighted above do not reflect the industrial relation regimes completely. The majority of European Member States have adopted industrial policy measures or instruments in consultation mainly with representatives of industries but trade unions are not sufficiently involved. The transition economies are well represented in the group of countries that have initiated restructuring policies and the Nordic countries plus Germany have chosen more systemic industrial policies.
Regarding the impact of social dialogue, and on the basis of the national reports, the analysis shows that the social partners can strengthen the specific policy initiatives because of the insights they provide, for example in Portugal and the Czech Republic. In some countries, the social partners have been very active in setting the agenda for specific industrial policies and have gained a substantial role in the formulation process as well. The broader cross-sectoral policies set a different role for the social partners that are less proactive. The systemic approach with a demand-driven innovation policy approach is a recent trend that is likely to be developed further.

**Challenges and positive effects of social dialogue**

This section summarises the main findings regarding both the observed challenges and the positive effects of social dialogue in the realm of industrial policy across the five industrial relations regimes which have emerged from the analysis carried out in the sections above (Overview of social dialogue in Europe and Industrial policy instruments) and from the analysis of the national contributions which formed the basis of this study. This section also aims to highlight the modalities of social partners’ involvement in the industrial policy process across the various regimes during the crisis, and what specific challenges were posed by the crisis context.

A few methodological points need to be taken into consideration when approaching the following analysis. First of all, it is important to note that previous studies (such as Eurofound, 2011) have pointed towards the importance of variations across sectors, rather than national characteristics, when explaining differences in industrial relations processes. It is thus important to keep this in mind when comparing and surveying the differences across industrial relations regimes in Europe (Eurofound, 2011). However, our analysis is based on the examples collected from national experts, who have chosen their examples on the basis of the following criteria:

- importance of the sector to the national economy;
- level of government support to the industry; and
- examples of best practice of social dialogue in the country.

Given the criteria by which the examples were selected, it is not possible to carry out a systematic sectoral comparison. Moreover, in some Member States industrial policies are cross-sectoral in character, and this precludes a stringent sectoral comparison of the pros and cons related to the involvement of the social partners. For this reason, the comparative analysis is carried out at the level of industrial relations regimes rather than of specific sectors.

Finally, it is important to keep in mind that patterns of industrial policies should not be compared directly to industrial relations because, even though industrial relations play a role in the formulation of policies, a number of other factors are also decisive for the formulation of industrial policies. We cannot therefore expect to observe a systematic co-variation of industrial relations characteristics with the features of industrial policy across regimes.

The same level of caution in drawing conclusions based on a cross-regime comparative analysis applies in relation to the specific challenges to social dialogue posed by the current crisis context. Indeed, while the financial crisis has had a global impact, not all countries have been affected in the same way. The financial crisis has thus had differential effects on the need for reforms in welfare state structures and in macroeconomic and industrial policy instruments, and each of the countries and the regimes has, in turn, tackled this challenge differently (Aiginger and Leoni, 2009). The national differences that are linked to the institutional characteristics of industrial relations regimes and the associated constraints and opportunities which these create for national actors imply that we would expect to observe deep differences in the dynamics of social dialogue in the crisis context between, for instance, the liberal pluralistic regimes and the transition economies on one side and the social partnership and Nordic corporatist regimes on the other side (Bosch, 2009). This diversity in the initial institutional set-up of the different industrial relations regimes needs to be taken into consideration.

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when analysing how the crisis has affected the dynamics of social dialogue in the realm of industrial policy.

**Social partnership regime**

In the social partnership regime, the social partners play a key role in shaping industrial policy, as continuous pressure is exercised by either the trade unions or the employer organisations or both to engage in the industrial policy process, raise public investments and reach agreed targets. The robustness of policy initiatives emerges from the analysis of the national contributions as a significant positive result of the social partners’ consultation and generates both legitimacy and continuity for the policy process. It is also considered positive that the different viewpoints of both sides of the social partners’ spectrum add to the relevance and dynamism of the policy initiatives. Finally, the social partners are strongly involved in ensuring the coherence and coordination of labour market, education and economic policies. They present proposals on their own (which are often taken on board by the government) or are invited by the government to work out proposals on specific subjects. The weaknesses of social dialogue which were identified in the national analysis seem to be particularly related to the fact that the policy process can often be extended and lengthy, and to the increased level of bureaucracy.

**Nordic corporatism**

In the Nordic countries tripartism and social dialogue are seen to be crucial in developing working life and industry. Even though the role of social dialogue is far more visible and concrete in relation to employment and labour market policies, we also see a positive impact on industrial policies when governments and the social partners have a shared responsibility for the achievement of positive economic and labour market outcomes. Moreover, social partner involvement in industrial policymaking enhances the coherence and coordination of such policies, especially when it comes to measures related to the labour market. One of the downsides is the time-consuming nature of tripartite initiatives.

A robust tripartite involvement is traditionally important in the Nordic countries. However, during the financial crisis the pre-existing political arrangements have also been affected and partially undermined by the emergence of examples of decentralised patterns of wage bargaining and by the partial lack of corporatist concetration of policy initiatives (Jochem, 2011). Furthermore, the analysis of Denmark also shows that the role of the trade unions is decreasing in the field of industrial policy, and the Danish LO, The Danish Confederation of Trade Unions, has called for a stronger representation of employees organisations’ in the regional councils.

Another aspect which emerges from our analysis regarding the challenges related to social dialogue in the industrial policy realm concerns the legitimacy of the policy process. For example, in Finland there appears to be a debate taking place about the potential excessive influence of social partners, and employers’ organisation in particular, in the process of setting industrial policy priorities – against the context of the role of parliament, especially regarding parliamentary committees.

**Liberal pluralism**

The liberal pluralism countries are mainly characterised by a residual welfare regime, with a predominance of flat-rate minimal benefits. In times of financial crisis, this implies that the trade unions in particular are under pressure to protect their members from layoffs. While the industrial strategy partnerships include employer representatives, the trade unions have not played an extensive role in the UK, for example, and in some sectors they have not been involved in the process.

Ireland is an example of how the financial crisis has played a key role in changing the landscape of social dialogue. Prior to 2009, social dialogue was central to Irish industrial policy through national tripartite Social Partnership Agreements. The last agreement, concluded in 2006, included a large section on ‘Enhancing Ireland’s Competitive Advantage in a Changing World’. It contained
macroeconomic policies and policies on enterprise, innovation and productivity. However, following the collapse of the social partnership in 2009, the role of social dialogue in industrial policies has greatly diminished. In the main, the government now devises and implements Irish industrial policy. However, the social partners can provide some input through their roles on the National Economic and Social Council (NESC) and the National Competitiveness Council.

The example from Cyprus highlights the importance of EU-level coordination and its positive impact mainly because of the framework for the procedures, which is particularly important for the purposes of monitoring and evaluation.

**Polarised pluralism**

In general, the south of Europe has been severely affected by the financial crisis and by the ensuing Eurozone crisis, and this is to some extent also reflected in the sphere of social dialogue and in the level of involvement of the social partners in the policy processes. The structural forums have challenged the role of the social partners, and the social partners need to find new ways to act in the policy process.

Macroeconomic stability is considered a priority in Greece and Portugal, and in a climate of stringent austerity and other economic pressures finding consensus on industrial policies is difficult.

In Italy, the economic and financial urgency of initiatives such as the pension reform and the labour market reform implemented in 2012, have prevailed over the objective of finding an agreement with the social partners on the content of the reforms. This is the general attitude emerging at the national level on economic and social reforms – to favour rapid and uncompromising decisions over long consultations with no guarantee of effective solutions.

In Spain, during the previous government, the social partners were partly involved in the process of formulating industrial policy interventions at a cross-sectoral level. Thus, in 2011, the government and the social partners concluded an agreement on industrial, energy and innovation policies. However, with political priorities shifting during the crisis further cooperation on these issues was not pursued further and the social partners’ involvement in the formulation of industrial policies has been minimal.

In France a stronger involvement of unions and employers can be observed in the field of competitiveness through labour market reforms. A new path has been initiated for industrial policies by which France has given up its policy of ‘grand projects’, and instead developed a matrix form by multiplying vertical actions in favour of human capital, innovation and competitiveness in combination with certain industrial sectors by means of horizontal coordination.

**Transition economies**

As mentioned above, the group of transition economies is the most heterogeneous, and it still too early to assess if the eastern European Member States will adopt the institutional traits that characterise the other regimes or if they will develop into a distinct industrial relations regime. The diversity of the group in terms of the strength of unions, the autonomy of the social partners, and the place of social dialogue at the national level and in companies will most likely lead to different pathways for these countries. This is also to some extent reflected in their industrial policy instruments and in the impact of the social partners on the process.

In the Baltic countries, the involvement of the social partners can be considered overall to have made governments and ministries consider the input of social dialogue and private initiatives more thoroughly, and to have increased the transparency of the policy process – although the level of trade union involvement in the industrial policy debate in Lithuania still appears fairly limited. Despite these positive traits, as in other regimes, the challenges that accompany a more substantial level of social partner involvement are related to the fact that the policy process becomes lengthier in cases when it is not possible to take into consideration all stakeholder suggestions. Thus, there is a need to justify the chosen policy options to those stakeholders who have different suggestions and views of the problems.
As a positive example of innovative practices of social partner involvement, to address this issue the Estonian government has ratified the Good Engagement Code of Practice. All administrative agencies have to apply it in the preparation of strategic documents. This means that interest groups are involved in decision-making from the start of the process of formulation of strategic documents. The engagement plan, with concrete deadlines and procedures explaining how the management and control of consultations and feedback take place, lessens the bureaucracy and makes the policy and bargaining processes less time-consuming.

Another important impact of social dialogue on the robustness of industrial policy initiatives, highlighted in Romania, is the relevant hands-on knowledge provided by the social partners in relation to labour market issues, which has in turn shaped adjustments implemented to the educational framework (trades, occupations, curricula, etc.).

On the negative side, however, recent political changes in the Czech Republic have had a negative effect on the political process in general, and have hampered the cooperation between the government and the social partners in the formulation of policies. Absence of a long tradition of cooperation is also reflected in the industrial policy area, where the social partners’ involvement is very low. In other countries such as Bulgaria and Slovakia, on the other hand, it was observed that whilst formal structures are in place for the consultation of the social partners in relation to – among other things – industrial policy matters, the degree to which social partners’ inputs are actually taken on board and reflected in the content of government’s initiatives is often very limited. This points to the fact that the presence of formal structures for social partner involvement by itself does not result in positive outcomes, unless the process of social dialogue is effective and substantive in nature.

**General conclusions from national-level analysis**

The preceding section provided some insights into the specific positive impact on industrial policy processes that social dialogue and social partner involvement can have, as well as into some of the major challenges encountered and posed by social dialogue in the sphere of industrial policies and into the specific challenges that social dialogue faces in the aftermath of the financial crisis. As much as possible, it was attempted to systematise our findings on the basis of the industrial relations regime framework adopted in this study, although the high degree of cross-country and cross-sectoral variation makes it difficult to reach generalisable conclusions beyond the specific examples available. We now draw more general conclusions from the national-level analysis of the role of social dialogue in industrial policies carried out in the previous three sections of this report.

**Social partners’ involvement**

The analysis of the involvement of social partners took as its starting point the five industrial relations regimes (Visser, 2008). The analysis has shown that, to some extent, the characteristics of each of the five industrial relations regimes were reflected in the degree of actual involvement of the social partners in the industrial policy process – as countries with more institutionalised structures of tripartite social dialogue seemed to display a more consistent degree of involvement by the social partners in the industrial policy process.

However, on the basis of the findings of the previous section as well as of the preceding two sections (Overview of social dialogue in Europe and Industrial policy instruments), we can conclude that the overall degree of social partner involvement in the industrial policy process across the EU Member States – and especially the involvement of trade unions – has been fairly limited in comparison to their involvement in other policy areas, such as employment and labour market policy. While examples of consistent and robust social partner involvement in industrial policy emerge from the countries belonging to the so-called ‘social partnership regime’ of industrial relations, it was observed how in the context of the crisis even countries such as the Nordic ones, which usually display high levels of established tripartism in the process of policy development, have seen these arrangements come under pressure, and witnessed the emergence of more decentralised forms of policymaking in which the
central role of the social partners is partly undermined. Levels of social partner involvement in industrial policy in these regimes do, however, appear higher than in the other countries examined. Indeed, involvement by the social partners, especially trade unions, in industrial policy matters remains extremely limited in the countries belonging to the ‘liberal pluralism’ regimes and in the southern European countries of the ‘polarised pluralism’ regime, which came under particular pressure during the sovereign debt crisis.

As far as the transition economies are concerned the degree of involvement by the social partners varies more widely: whilst in some countries (such as Estonia and Romania) social partner involvement was found to have been conducive to a strengthening of the robustness of industrial policy initiatives, in other countries (such as the Czech Republic, Bulgaria and Slovakia) it was observed that substantive social partner involvement was low, and that where formal structures of consultation of trade unions and employers were in place, this was to a large extent cosmetic and did not correspond to an actual impact of the social partners on the industrial policy process.

**Industrial policy instruments and the role of social partners in shaping them**

With respect to the evolution of industrial policy instruments across EU Member States in recent times, we have observed that in general terms industrial policy appears to have been reenergised across many EU Member States in the aftermath of the crisis as a strategy to reactivate growth, create jobs and foster productivity. Our focus of interest has been to provide an overview of the various types of industrial policy instruments implemented across EU Member States, and to analyse the extent to which social partners were involved in their formulation and implementation.

**Comprehensive strategies**

A small number of countries were found to already have fairly comprehensive industrial policy strategies with a cross-sectoral focus in place to drive recovery from the crisis and bring about innovation and growth of their domestic industrial base. Examples include the Belgian ‘New Industrial Policy’ and ‘Marshall Plan 2022’ initiatives, which focus on meeting the renovation needs of current mature industrial sectors through the promotion of cross-sectoral value chains, cluster formation and large innovation or infrastructure projects; the nascent committee for the support, development and promotion of industry in Luxembourg; and the Spanish ‘Integral Plan for Industrial Policy 2020’. These strategies include both horizontal initiatives (such as general support for R&D and innovation) and targeted sectoral interventions (such as selection of key strategic sectors for targeted support and investment), and represent promising examples of comprehensive approaches to industrial policy at domestic level.

**Horizontal industrial policies**

A similar path of industrial policies, but more limited in scope, are the so-called horizontal policy initiatives that have reemerged recently, particularly in the aftermath of the crisis. Some of these policy initiatives are very broadly related to increasing industry’s competitiveness or fostering technological innovation, while others are more specifically aimed at addressing specific societal challenges or achieving ‘smart’ specialisation. In general, pursuing innovation as a way to increase the productivity and competitiveness of Europe’s industry appears as a key component of the emerging industrial policy agenda taking shape in the EU Member States, although some countries have pursued this route to a greater extent than others.

Industrial policies initiatives related to improvements of competitiveness and productivity are generally tripartite, both at national level as in Finland and France and at regional level as in Belgium and Denmark. These tripartite productivity councils have an explicit advantage due to the inclusive character of the social partners’ involvement, which secures coherence and robustness of the policy
initiatives. However, the councils are also challenged by the need for speed and dynamism in the policy process.

Another example of specific and relatively new horizontal policy instruments designed to handle the systemic challenges which were reviewed in the section above on Industrial policy instruments, are the so-called ‘demand-driven innovation policies’. This is a relatively new approach of horizontal innovation initiatives that target a specific challenge (for example, rising energy costs for industrial production) but that, due to systemic interconnectedness, do so in a horizontal, cross-sectoral perspective. The German example of the ‘energy shift’ outlined in the Industrial policy instruments section exemplified this approach and the initiative involved can be termed tripartite+, involving both trade unions, employer organisations and experts in the automotive, energy and other sectors.

Our analysis suggests that a cross-sectoral stakeholder approach can be essential in tackling cross-sectoral challenges to increase innovation and competitiveness, and that social partners’ involvement can improve the robustness and relevance of these policy initiatives. Indeed, the horizontal policies focused on innovation and competitiveness which are taking shape in many countries often include both trade unions and employer organisations in the process of policy formulation, and provide examples of the positive contribution that social partner involvement can make in this respect.

The fact that the majority of these examples of horizontal policy initiatives drawn up with substantive social partner involvement are found in the ‘social partnership’ and ‘Nordic corporatism’ regimes, which all exhibit fairly high levels of substantial or at least formalised involvement of social partners in the industrial policy process, could lead us to conclude that the characteristics of the industrial relations regimes are relevant in ensuring a greater and more substantive role for the social partners in the formulation of industrial policies, and that this in turn can lead to the formulation of more systemic, coordinated and robust industrial policy initiatives.

However, the variety of industrial policy instruments implemented across the Member States distorts the picture, and this conclusion can therefore only be verified with caution. What can be concluded, nonetheless, is that the emerging notion of ‘systemic’ industrial policies, focused on innovation and coordination of interventions across sectors, which we see taking shape in the Nordic countries especially, opens up interesting avenues for a potentially greater and more substantive role for both employer organisations and trade unions in the formulation of industrial policies. Our analysis substantiates these conclusions by showing how the social partners can play an important role both in formulating policies, as exemplified by the Lithuanian and Swedish cases, but also in the implementation and execution of such policies, as exemplified by the German case.

**Targeted/sectoral industrial policies**

Targeted industrial policy initiatives aimed at favouring the development or strengthening of specific strategic productive sectors, which are explicitly chosen as such, are also increasingly common across EU Member States. Sometimes these targeted interventions to support ‘strategic sectors’ are part of more comprehensive industrial policy strategies, while in other cases they take a more ad-hoc character. In the section above on Industrial policy instruments, examples of targeted sectoral initiatives were discussed, mainly from the UK, Netherlands, Lithuania, Spain and Hungary. Some of the specific instruments implemented to support strategic sectors include channelling of investment and R&D resources into specific technologies or products; establishing new funding and dedicated investment instruments; and creating targeted programmes to attract skilled workers in specific sectors and increase the technical skills profile of the workforce to meet the specific needs of strategic sectors. The analysis has shown that, while potentially promising in terms of impact, these targeted sectoral initiatives often involve fewer stakeholders than more horizontal ones, and that they primarily involve employer organisations and business representatives while leaving a very limited role for the trade unions. This poses a serious challenge for the future of social dialogue in the industrial policy realm, as the limited involvement of trade unions in this type of instruments might undermine both the legitimacy and the robustness of these initiatives.
Clustering, SMEs and regional industrial policy

The analysis in the section above on Industrial policy instruments showed how horizontal policies can also have a cluster or SME perspective. This involves policy initiatives which deliberately favour the formation of clusters of companies in specific regions (such as in Romania or Austria) or specific types of companies – for example, SMEs in the Czech Republic or start-ups in Portugal. Another example of industrial policy with a regional focus is the Danish regional councils for business and growth, which focus on favouring innovation and sustainable growth for industry but do so from a primarily regional rather than national perspective. The Belgian strategies for industrial policy mentioned above are also developed on a regional basis.

These initiatives represent a potentially promising avenue of development for industrial policy initiatives, in which the specific knowledge of the social partners in relation to the needs of producers on the ground and to the specific characteristics of regional industry can be fruitfully used to increase the robustness of policy and ensure its implementation at the local level. However, the analysis illustrates that in the vast majority of cases these measures only involve the employer organisations and business confederations, while leaving a very limited role for the trade unions.

Restructuring initiatives and adaptation of the skills base

The analysis in this report has shown how policy instruments aimed to facilitate industrial restructuring have also often been activated as a response to the financial crisis, especially – but not solely – in the transition economies as well as in Italy and Luxembourg, and to a large extent funded by the European Regional Development Fund.

In relation to the role of social partners in shaping these industrial policy initiatives, the case of Poland discussed in the section above on Industrial policy instruments, constitutes an interesting example of an innovative approach to restructuring, showing how the social partners bilaterally were involved in formulating a restructuring programme. Positive examples from Italy and Luxembourg of social partners’ involvement in the formulation of ad-hoc restructuring initiatives were also highlighted.

The analysis does not allow us to reach any wider conclusions regarding how proactive and reactive the roles of the social partners are in general in the formulation of restructuring initiatives, but Poland constitutes a good example of how the social partners have used the context of the financial crisis to adopt a more proactive role and collaborate on a joint effort for restructuring and adapting the skills base.

The analysis also highlighted how in many cases restructuring initiatives were tied to policy initiatives aimed at adapting the skills base, although the prominence of training and other skills-related policy initiatives appears to be lower at the national level than at the EU level, as the following part of the analysis will show. Policy measures aimed at adapting the skills base of the workforce through training initiatives of various kinds belong to the realm of so-called labour market policy rather than industrial policy as such; however, these two policy areas are becoming increasingly interconnected given that adaptation of the workforce’s skills is becoming a fundamental component of restructuring and innovation initiatives aimed at renewing Europe’s industrial base, and that these initiatives have both a labour market perspective and an industrial policy perspective. In this realm of policy initiatives we observe that the level of trade union involvement is greater than in other aspects of industrial policy, as in many countries their involvement in employment and labour market policy is more entrenched than in industrial policy. The increasing interconnectedness of different policy realms – as we observe in this case of initiatives aimed at adapting the skills base – offers the opportunity to put in place more systemic approaches to industrial policy, based on tripartite consultation and with strong involvement of all social partners in the policy process. Whilst this is promising, especially in terms of opening up a space for intervention for trade unions in the industrial policy process, it is also necessary for the social partners to reemphasise their role in industrial policies even though governments call for
a fast-paced policy process or think of industrial policies in traditional terms as a policy area only for the employer organisations and business representatives.

**Future challenges for the role of social dialogue in industrial policy**

What the conclusions above have highlighted is that, in general terms, the degree of social partners’ involvement in industrial policy is a) influenced by the institutional characteristics of the industrial relations regimes to which countries belong and, b) apparently more substantial in the formulation of horizontal policy initiatives than in targeted, sectoral ones.

While in many cases the involvement of social partners was shown to have increased the robustness and coherence of industrial policy initiatives, the actual degree of involvement is still limited in many policy areas, especially in relation to trade unions, and there is much room for improvement in this area.

In general, the balance between trade unions and employer organisations appears to be skewed in favour of the employer organisations in the industrial policy debate. This seems to be the case particularly for targeted sectoral industrial policies and cluster and SME policies. On the one hand, the reasons for this are historically embedded, but there is also a general movement towards a faster and more agile policy process due to the rapid changes in the industrial landscape across the globe, which has in turn resulted in a more limited involvement of the social partners in the policy process than was previously the case.

Another specific challenge which has emerged during the crisis context, but has important implications for the future, has been clearly visible in southern Europe and Ireland, where many structural reforms of labour market and employment policy as well as major restructuring initiatives have been formulated and implemented without consulting the social partners, in particular trade unions, due to the pressures imposed by the stringent macroeconomic context.

Challenges to social dialogue persist even in relation to the formulation of horizontal policy initiatives, in which the degree of involvement by the social partners tends to be greater. In particular the main challenge to social dialogue in this respect relates to the need of ensuring that the policy process is agile enough to respond to the evolving needs of the economy: this need for agility, in turn, leaves limited room for lengthy policy processes, and given that the substantive involvement of the social partners in the formulation of industrial policies is often perceived as leading to a longer policy process, this could become an important obstacle to the extension of social dialogue to industrial policy matters in the future. The case of Estonia, however, has shown how such problems can potentially be mitigated through the implementation of innovative and dynamic instruments of social partner engagement.

**Social partners’ involvement in industrial policy at EU level**

A number of different instruments have been used as vehicles for the development and implementation of industrial policies at the EU level in the last ten years. These range from ad-hoc initiatives such as commissioned studies and reports to the setting up of specific, long-term initiatives such as Task Forces and High Level Groups, to the development of action plans and recommendations (plus reports on the implementation of recommendations). The diversity of instruments employed for the development and implementation of the EU industrial policy strategy is mirrored by an equal degree of diversity in the degree and scope of the social partner involvement in these instruments and forums, and in the formulation and implementation of different initiatives. In general, the form, degree and scope of the social partner involvement and consultation in industrial policy initiatives at the EU level is not uniform, but varies according to the type of instrument or initiative in place and between different sectors. Table 3 summarises the various forums and initiatives relevant to industrial policy at the EU level in which the social partners from the six sectors surveyed (Agro-Food, Steel, Textiles, Chemicals, Automotive and Defence) are involved.

**High Level Groups** (for a comprehensive list of recent and present High Level Group initiatives, see Annex I) are multistakeholder committees. They have been a particularly prominent instrument used
to promote targeted industrial policy initiatives at EU level in the last ten years. Some have been or are directed towards specific productive sectors (for example Steel, Agro-Food), while others address specific areas of policy, thus with a more cross-sectoral or horizontal focus (for example Key Enabling Technologies, Competitiveness, Energy and the Environment).

The composition of the High Level Groups shows a wide representation of interests such as EU-level Commissioners, ministers and other representatives of Member States; corporations; associations of businesses or trade; employers and trade union organisations at national and EU level (sector-specific); consumer organisations; universities or research institutes; technology institutes; NGOs and other civil society organisations.

Given the stakeholder-focused character of High Level Group initiatives, the European social partners (employer organisations or industry organisations and trade unions) are usually involved as full members of the groups and the associated Sherpa Groups and Working Groups. The social partners can be either sectoral representatives, in the case of sector-specific initiatives, or cross-sectoral representatives (such as ETUC and BUSINESSEUROPE), in the case of horizontal cross-cutting initiatives.

**Task Forces** have been specifically used as instruments to drive forward the implementation of the six Priority Action Lines of the 2012 Industrial Policy Communications (see report on State of Play of Task Forces, European Commission, 2013b), as well as in sectors such as Defence. The composition of the Task Forces varies. However, in general, they are mainly composed of Commission services. Industry and other stakeholders are only involved through discussions with the relevant DGs or through ad-hoc stakeholder meetings and consultations. Two of the existing Task Forces, however, use existing High Level Groups (such as the HLG for Key Enabling Technologies and the CARS21 HLG) as key instruments of their work, thus providing a direct avenue for substantial involvement of social partners and interest representation bodies.

**Action plans and recommendations** are either already in place or are currently being formulated for a number of sectors or areas of industrial policy at the EU level. These are either produced by the Commission or are the result of the activities of relevant High Level Groups. The degree of social partner involvement in the development and monitoring of action plans and sector-specific recommendations varies. While the social partners and interest representation bodies were directly and formally involved in the High Level Groups or working groups in some sectors, which led to the formulation of action plans and recommendations (such as in the case of the Agro-Food, Chemicals, Steel, Textile sectors), representatives of the industry and trade unions were only consulted through ad-hoc meetings but did not formally participate in the groups or task forces that produced the action plans (such as in the case of the Commission’s action plan for the Defence Sector) in other sectors.

Some action plans also included recommendations directly addressed at the social partners as responsible actors for implementation. A notable example of this was the case of the Agro-Food industry, in which one of the recommendations produced by the sectoral High Level Forum concerned directly the need to establish social dialogue in the Agro-Food industry, leading to the establishment of the Agro-Food Sectoral Social Dialogue Committee in June 2011.

The strengthening of social dialogue and social partner involvement at both the European and national level in the design of employment and skills and training policies are also included as a specific action point in the 2012 Commission’s Communication on Industrial Policy (European Commission, 2012).

Ad-hoc **meetings, briefings, hearings and consultations** are a common form of social partner involvement in the EU industrial policy debate. The recognised social partners at sectoral and cross-sectoral EU level (both trade union and employer organisations), or the relevant industry organisations in sectors in which there is no official employer organisation in place, are routinely invited to meetings, briefings and consultation sessions with relevant Commission’s services to discuss specific issues relating to different aspects of industrial policy. However, the regularity of meetings, the depth of consultation and the receptivity of the social partners’ positions by the various DGs vary. The social
partners in some sectors perceived that ad-hoc meetings and consultations were an effective way to gain access to the policymakers and get their viewpoints across. In other cases, the level of satisfaction with this type of involvement was more limited, and the desire has been expressed for more formal and regular mechanisms of consultation.

**Other multistakeholder initiatives** (such as the European Sectoral Skills Councils, sectoral or horizontal committees and working groups initiated by various DGs on specific issues relevant to industrial policy – such as sustainability and environmental issues, skills and training, innovation and technology platforms, etc.) feature prominently as a form of social partner involvement in the industrial policy debate at the EU level. The social partners often participate in these initiatives alongside other stakeholders (representatives of Member States, MEPs, industrial associations, international organisations, NGOs and other civil society organisations). The issues addressed through these specific initiatives are often related to specific aspects of industrial policy and competitiveness. In this sense, they do not have the same strategic or comprehensive character of high-level multistakeholder initiatives. However, in some sectors in which High Level Groups are not currently in place, such as for example the Textile sector, these type of initiatives (in the case of the Textile sector, the European Sectoral Skills Council) represent the main form of social partner involvement and input to the industrial policy debate.

Beyond being represented in formal forums and initiatives, the social partners at the EU level also participate in the industrial policy process through their own autonomous initiatives. In some cases, these take the form of joint projects or reports undertaken by trade unions and employer organisations on specific issues affecting the sector (an example of this from the Agro-Food sector is EFFAT and FoodDrinkEurope’s report from November 2013 on skills and employment needs in the sector). In other cases, the social partners participate and provide input to the industrial policy debate through their own policy documents and positions, whether individual or jointly produced. A review of outputs of relevance to industrial policy specifically in the context of the European Sectoral Social Dialogue Committees is developed in the section of this report titled ‘Role of European sectoral social dialogue’.

### Table 4: Sectoral social partners’ involvement in industrial policy at EU level

<table>
<thead>
<tr>
<th>High Level Group or other multistakeholder committees</th>
<th>Ad-hoc meetings, hearings and consultations</th>
<th>Other forms of involvement</th>
<th>Social partners’ own initiative</th>
<th>ESSDC in place?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agro-Food</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Social partners:</strong> EFFAT (TU); FoodDrinkEurope (employers)**</td>
<td>✔ Both social partners are currently members of the High Level Forum for a Better Functioning Food Supply Chain. They were previously members of the preceding High Level Group on the Competitiveness of the Agro-Food industry.</td>
<td>✔ Both social partners are involved in ad-hoc consultation meetings organised by the Commission.</td>
<td>✔ - Both social partners participate in a Working Group on Food Losses/Food Waste by DG Health. - FoodDrinkEurope sits on the management board of the agricultural European Innovation Partnership (EIP-AGRI) created by EFFAT and FoodDrinkEurope jointly published the report in November 2013 ‘Ensuring sustainable employment and competitiveness in the EU Food and Drink Industry: Meeting the Challenges of the Labour Market’.</td>
<td>✔</td>
</tr>
<tr>
<td>Industry</td>
<td>Social partners</td>
<td>High Level Group or other multistakeholder committees</td>
<td>Ad-hoc meetings, hearings and consultations</td>
<td>Other forms of involvement</td>
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<td>----------</td>
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</tr>
<tr>
<td>Steel</td>
<td>IndustriALL(TU); EUROFER (employers)</td>
<td>✓ Both social partners are currently members of the High Level Roundtable for the future of the Steel Industry.</td>
<td>×</td>
<td>✓ - EUROFER and IndustriALL are involved as delegates in the Consultative Commission on Industrial Change (CCMI) of the European Economic and Social Committee. EUROFER – but not IndustriALL – is involved in initiatives of the Committee of the Regions.</td>
</tr>
<tr>
<td>Textiles</td>
<td>IndustriALL(TU); Euratex (employers)</td>
<td>× No current involvement; both social partners were members of the High Level Group on Textile and Clothing, in operation from 2003 to 2007.</td>
<td>✓</td>
<td>✓ Both social partners are initiators and members of the European Skills Council for Textile, Clothing and Leather (TCL ESSC).</td>
</tr>
<tr>
<td>Chemicals</td>
<td>IndustriALL(TU); ECEG (employers)</td>
<td>× No current involvement; IndustriALL were members of the Sherpa group of the High Level Group on the Competitiveness of the Chemical sector, in operation from 2007 to 2009. ECEG (employers' association of the</td>
<td>×</td>
<td>✓ IndustriALL sits on the management board and various committees of ECHA (European Chemicals Agency). ECEG reported no involvement in any formal forum or initiative con</td>
</tr>
<tr>
<td>Industry</td>
<td>Social partners:</td>
<td>High Level Group or other multistakeholder committees</td>
<td>Ad-hoc meetings, hearings and consultations</td>
<td>Other forms of involvement</td>
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</tr>
<tr>
<td>Automotive</td>
<td>IndustriALL (TU); No recognised social partner for employers; ACEA was interviewed as representative of the industry's manufacturers.</td>
<td>✓ Both IndustriALL (as recognised social partners) and ACEA (as an EU-wide organisation of manufacturers in the Automotive sector) are members of the CARS21 High Level Group, the CARS2020 Expert Group and the Working Groups of the CARS2020 initiative.</td>
<td>✓</td>
<td>×</td>
</tr>
<tr>
<td>Defence</td>
<td>IndustriALL (TU)</td>
<td>✓ Both organisations have regular ad-hoc meetings with relevant Commission’s services and the European Defence Agency.</td>
<td>✓</td>
<td>Both organisations were members of the 'European partnership for the anticipation of change in the defence sector', a multistakeholder initiative initiated by DG Empl in 2007</td>
</tr>
</tbody>
</table>

The European Commission Task Force on Defence Industries and Markets is currently in place. It comprises relevant Commission services (DG Market, DG Enterprise, DG Research, DG Employment) and operates in collaboration with EDA (European Defence Agency) and the European External Action Service. The social partners or representatives of the industry are not represented and are only occasionally invited on an ad-hoc basis.

As a result of the work of the Task Force, the Commission presented in July 2013 a Communication, "Towards a more competitive and efficient defence and..."
Issues and obstacles to European social partner involvement

As shown in Table 4, the degree of social partner involvement in the industrial policy debate is not uniform across sectors and initiatives. This section provides an overview of the social partners’ views on the main issues and obstacles to their involvement in the industrial policy debate.

In the vast majority of cases, the social partners are involved at the design and definition stage of industrial policy initiatives, or are invited to put forward their views throughout the policy design process. However, they are not often involved in the implementation and monitoring of initiatives or recommendations. This is mainly because in the vast majority of cases, the responsibility for implementation of recommendations or actions for specific sectors rests with the national authorities rather than the European institutions.

The degree of meaningful social partner involvement in setting the priorities for the industrial policy process at the EU level appears to be greater for sectors (Steel, Agro-Food, Cars) or areas of work (Key Enabling Technologies) in which High Level Groups are in place. The shared views among almost all the social partners surveyed was that High Level Groups are a very effective tool to obtain access to policymakers, have the priorities of the sector heard and have a meaningful impact on the strategic direction of industrial policy. Some trade unions also reported that their involvement in High Level Groups and Forums was highly instrumental in broadening the discussion agenda to include certain issues (such as social issues, training and skills, and sustainability) that constituted priorities from their point of view and that would otherwise have been excluded from the remit of the High Level Groups.

Overall, therefore, it appears that the formalised structures of High Level Groups and Forums, in which all stakeholders are gathered together and social partners are involved on an equal footing with other members, are one of the most effective tools of successful social partner involvement in the industrial policy debate at the EU level.

The social partners surveyed also reported having a good degree of access to the relevant DGs and Commission services through ad-hoc meetings and consultation exercises. While the working relations between the social partners and the Commission were generally perceived as good, the social partners did express a desire for more consistency and receptivity across the various DGs of the positions they express. Indeed, while access to policymakers in terms of number of meetings was generally evaluated positively, many social partners – both trade unions and employers – were doubtful whether the positions that they put across to policymakers actually had tangible outcomes at the level of policy. 
output. This perception appeared to be stronger for those sectors, such as Textile or Chemicals, for which High Level Group initiatives are not currently in place. The overall view that emerged is that social partner involvement in discussions and access to policymakers (in terms of meetings, hearings, etc.), while being helpful, did not automatically lead to concrete impact on the policy initiatives taken. Overall, the social partners interviewed as part of the study identified some elements as crucial for their successful involvement in industrial policy:

- **Continuity over time**: It was noted that in cases where the mandate or membership of High Level Groups needs to be renewed, this could lead to considerable delays in the activities of the group, which was perceived by the social partners as less than ideal. In this respect, some social partners expressed a wish for the structures of the High Level Groups to be made permanent or semi-permanent to achieve more continuity over time and more ownership over the implementation of recommendations.

- **Membership**: The composition of High Level Groups or other task forces or working groups needs to be varied and balanced to ensure that the widest possible number of viewpoints and perspectives are represented. In this respect, the trade unions reported that they found the involvement of other civil society organisations beneficial to broaden the scope of discussion on social and environmental issues. However, some trade unions pointed out that in a group with multiple industry or employers’ representatives a single trade union voice cannot make the same impact, which can be perceived as a serious limitation to the inclusive nature of the discussion. In this respect, trade unions advocate a broadening of the membership of these groups to make it more balanced between industry/employers and trade unions. Broadening the membership must, however, be carefully balanced with the need to ensure focused and efficient discussions, which was a key concern expressed by some of the industry associations surveyed. Certain business associations (e.g. Defence) clearly stated the need for more interaction and more meetings with the relevant Commission departments to allow for more debate. The involvement of Member States in High Level Groups was also considered very positive to ensure that recommendations and priorities identified in High Level Groups filter down to the national level.

**Capacity constraints**: The capacity of social partners to play a meaningful part in the industrial policy debate at EU level crucially depends on the resources that they are able to dedicate to this area of work at the organisational level. Some trade union organisations reported that their limited organisational resources meant they could not participate in all the forums or meetings to which they were invited, and in this respect disparities in organisational resources and lobbying capacity favoured the participation of employers and industry organisations over that of trade unions. Indeed, the trade unions felt that one of the problems associated with using ad-hoc meetings as a means of social partner consultation is that they have limited capacity to participate in a multiplicity of groups and forums compared to employers’ or industry organisations. In this sense, forums such as High Level Groups, in which all the stakeholders are brought together round one table, can also be beneficial to avoid organisational fatigue and ensure that all social partners have an equal capacity to participate.

**Analysis of EU-level initiatives**

An integrated approach to industrial policy was launched by the European Commission as early as 2003, with both horizontal and vertical actions aimed at giving a boost to the European economy. The definition of industrial policies adopted by the EU at the time (see the introduction to this study) adopted a horizontal approach aimed at ‘securing framework conditions favourable to industrial competitiveness’ (European Commission, 2002). Since 2003, a number of Communication Papers from the European Commission have advanced further the policy agenda on industrial policies in this direction.

However, the EU’s approach to industrial policy has undergone changes over time, and with the economic and financial crisis taking its toll on jobs and growth, governments and the European Union have shown an increased interest in industrial policies with a more active vertical dimension, in the
sense of setting priorities for key productive sectors, as well as a more proactive systemic/strategic horizontal approach.

Indeed, as part of its Europe 2020 Strategy, in October 2010 the European Commission launched the Communication ‘An integrated industrial policy for the globalisation era putting competitiveness and sustainability at centre stage’ (European Commission, 2010). In 2012, after two years of implementation and following a public consultation process, the Commission reviewed its 2010 communication. The purpose of the exercise was to identify the most effective initiatives aimed at supporting the recovery of European industry and sustaining its growth, which had been severely affected by the most serious economic crisis for several decades. The Commission’s Communication ‘A Stronger European Industry for Growth and Economic Recovery’ (European Commission, 2012) was adopted in October 2012. It is based on four pillars:

1. Focus on the six priority areas where there is the greatest potential for investment in innovation: advanced manufacturing technologies for clean production; key enabling technologies; bio-based products; sustainable industrial and construction policy and raw materials; clean vehicles and vessels; smart grids.

2. Improvement in market conditions, both internal (with priority for goods, entrepreneurship and intellectual property right protection) and international markets.

3. Improved mobilisation and targeting of public resources (also from the EIB) and unlocking private funds to provide a better access to finance and capital.

4. Attention to human capital and skills to stimulate job creation and acquisition of the skills required for improving the competitiveness of European industry.

Together with the Communication, the Commission has also published a Staff Working Document outlining the progress made since 2010 and the current state of affairs in the EU industry.

The recent Communication (European Commission, 2012) is regarded as more decisive in relation to proposed areas of action than previous documents. It has provided a fresh approach to EU industrial policy by delineating clear and concrete measures to be implemented in the short and medium term which can ‘enhance and underpin the strategic approach to industrial policy proposed in 2010’ (European Commission, 2012, p. 27) – combining both horizontal and selective policies in a strategic manner.

The new approach involves, among other things, a commitment to better coordination and monitoring of actions at national level. To this effect, a report on the EU and Member States’ competitiveness performance and policies is published yearly. With respect to actions to be taken at the EU level, various DGs have been involved in the planning and implementation of industrial policy, both in its horizontal and sectoral dimension. Industrial policy has been promoted through, for instance, the Cohesion Policy (to improve competitiveness of SMEs in particular), the European Regional Development Fund, the EU-level Research Funds and innovation programmes such as Horizon 2020 and COSME. At the same time, the Commission has put forward a range of sector-specific initiatives, with the aim of developing strategies to strengthen key productive sectors and help them respond to current challenges, such as the negative effects of the economic crisis. Some of these sector-specific initiatives were put in place prior to the 2010 Communication, while others have been explicitly set up as a result of some of the Communications’ priorities for action.

DG Employment, ITRE, Enterprise, Climate, Market and Research are all involved in some way in the formulation of industrial policies at the EU level. The social partners and other stakeholders have also been key actors in the current industrial policy debate, especially in the development of sector-specific initiatives.

The next section reviews the degree and scope of the social partner involvement in the EU-level debate on industrial policy, with a specific focus on six productive sectors (Agro-Food, Steel, Textiles, Chemicals, Automotive, and Defence).
Main instruments and initiatives of European industrial policy

With the evolution of the European industrial policy agenda over time, the number and type of industrial policy instruments and policy initiatives implemented at the EU level has expanded greatly. This section aims to provide a brief and necessarily partial overview of the instruments and initiatives that are currently in place for the six sectors under analysis.

The summary overview of industrial policy instruments or initiatives currently in place for the six productive sectors that were surveyed as part of this study, included in Table 15 in the Annex, shows a composite picture of the current EU industrial policy landscape. The following sub-sections provide an overview of the main policy instruments in place in the various industrial policy domains as well as a summary of the social partners’ assessment of these instruments and initiatives as they emerged from the interviews conducted and from relevant policy positions and papers of their respective organisations.

Innovation policy

Innovation programmes, together with interventions in support of Research and Development (R&D) activities, are the most widespread industrial policy instruments currently in place at the EU level. Investment in technological and productive innovation constitutes the first pillar of the EU industrial policy strategy outlined in the 2012 Commission Communication (European Commission, 2012). Moreover, initiatives to support technological innovation are reported as being in place in all the six sectors surveyed.

Innovation initiatives at the EU level largely take place as part of the Commission-funded Framework Programme for Research and Innovation (the so-called 7th Framework Programme (FP7), running from 2007 to 2013, to be replaced from 2014 onwards by the Horizon 2020 initiative). FP7 and, from 2014 onwards, Horizon 2020, are the main funding instruments through which the Commission finances research and innovation activities in Europe with the aim of encouraging collaboration between research partners across Member States and between research institutes and private actors. Participation of SMEs in research projects funded under FP7 and Horizon 2020 is particularly encouraged to ensure that research results are translated into commercial products or services. In the Textiles, Agro-Food and Chemicals sectors, numerous innovation and research projects involving SMEs have taken place under FP7, and more projects are reportedly planned under Horizon 2020.

While the instruments put in place under the Framework Programmes are regarded as well-functioning, some social partners noted that the difficulty with horizontal initiatives of this kind is that each sector has to compete with others in bidding for funding for innovation initiatives. On the one hand, this leads to a degree of uncertainty, which can be avoided with more sector-targeted, dedicated initiatives. EU-funded innovation and R&D programmes were perceived as less useful for those sectors dominated by large companies with large investment capacity, as in these sectors (such as the Automotive sector) R&D activities are mainly led directly by companies. On the other hand, these funding initiatives were perceived as particularly beneficial for sectors dominated by SMEs, such as Textiles, Chemicals or Agro-Food, which would find it otherwise hard to fund their own R&D activities.

Innovation and R&D support at the EU level also takes the form of targeted initiatives, such as the European Technology Platforms (ETPs) or European Innovation Partnerships (EIPs), that focus on fostering technological developments in specific sectors or in specific productive technologies (such as key enabling technologies or green vehicles). While some of these initiatives are directly managed and funded by the Commission, such as the European Innovation Partnerships, others, such as the European Technology Platforms, are independent initiatives which, despite being supported by the Commission and playing a role in the EU innovation agenda, are bottom-up and industry-led.
The social partners perceived innovation and R&D activities as one of the areas in which initiatives at the EU level were most effective and helpful. They were considered as particularly important to:

1. increase the competitiveness and efficiency of existing industries;
2. improve sustainability and energy efficiency, thus reducing the environmental impact of certain industrial production processes and supporting the goal of achieving green growth;
3. identify areas of new comparative advantage as well as areas of potential future expansion or specialisation (in terms of new technologies and products) for mature industries that face competition from non-EU producers; and
4. encourage cooperation between public and private actors and encourage synergies and positive externalities in research and innovation.

The centrality of technological innovation and R&D support initiatives for the future of industry in Europe are reflected in the priorities for industrial policy expressed by the social partners in their strategy documents. Indeed, investments in R&D to meet the current technological, competitiveness and environmental challenges of European industry are identified as a key priority in the strategic industrial policy documents of EUROFER (the organisation representing employers in the Steel sector), ASD (Aerospace and Defence industry organisation) and BUSINESSEUROPE, as well as in the priority documents of ETUC, IndusriALL and EFFAT.

**Product market interventions**

Industrial policy initiatives that fall within the ‘product market’ domain include horizontal policies aimed at promoting competition and harmonising or reducing product market regulation, as well as more targeted policies which directly affect prices, demand for and market access to certain products (such as targeted public procurement policies, targeted tax and duty policy, export promotion and trade policy). Under this policy domain, it is also possible to include policy instruments that intervene on the price or availability of certain productive inputs, such as public investment initiatives for infrastructures and building renovation, and interventions regulating access to raw materials, energy supply and energy prices.

**Regulatory framework**

Numerous initiatives exist at the EU level to address regulatory issues surrounding questions of competitiveness and competition within sectors. In the Action Plan for the Steel Sector (European Commission, 2013a), a specific recommendation focuses on ensuring smart regulation that eliminates excessive bureaucratic burdens and inconsistencies for the sector by using ‘competitiveness proofing’ and ‘fitness checks’ of proposed EU legislation. (According to the steel plan, ‘Competitiveness proofing is a twelve-step tool addressing the impacts of a policy proposal on enterprise competitiveness through its effects on the cost of doing business; on the affected sectors’ capacity to innovate; and on their international competitiveness’ (European Commission, 2013a, p. 6.)

Interventions on regulatory issues are also at the centre of the industrial policy debate in the Automotive sector. Moreover, regulatory interventions to ensure competition and to put in place a level playing field in the sector at the EU level constitute the main focus of the current EU policy interventions for the defence industry given that national protectionism and lack of competition are major problems for the sector.

The social partners also identified as a priority the use of ‘competitiveness proofing’ for all areas of EU legislation as a priority in the Agro-Food and Textile sectors. In general, many social partners emphasised the growing necessity to adopt a concerted approach to regulatory issues at the EU level in which social partners and industry representatives are duly consulted throughout the legislative process. The work of various DGs must also be harmonised to ensure that the EU commitment to competitiveness and efficiency of European industry is not undermined by the strict regulatory approach taken in certain areas (for example, in the area of environmental regulation).
Harmonising environmental concerns and the competitiveness needs of industrial manufacturing is perhaps one of the biggest challenges faced by industrial policy at the EU level. The need to balance energy and climate policy with the industry’s competitiveness needs is explicitly identified as a key priority by EUROFER and BUSINESSEUROPE in their strategic documents on EU industrial policy.

**Trade policy, access to third markets and international competition**

For many European industries, access to third markets is crucial to promote exports and enable growth. In terms of EU-level policy interventions, export promotion is mainly pursued horizontally through free trade agreement (FTA) negotiations, but no specific measures are in place to encourage exports for any specific sector. Current Commission initiatives such as the SME Internationalisation Plan, however, have direct relevance for some of the sectors surveyed (such as Agro-Food) and aim to promote the international market outlook of EU producers.

However, the issue of trade and market access concerns not only export promotion, but also actions taken to combat unfair trade practices from non-EU competitors – both in terms of unfair competition through imports in the European market and through protective policies in non-EU domestic markets which impose restrictive barriers on European producers. Limitations to access to raw materials due to restrictive trade policy also constitute a key area of concern for the European industry – in particular for the Steel, Chemicals, Cars and Defence sectors, which largely rely on imports of certain raw materials from non-EU countries for their production activities. In this respect, the EU trade policy is key in determining the future of many productive sectors. The Action Plan for the Steel Industry (European Commission, 2013a) includes some recommendations for action aimed at ensuring more secure access to raw materials for the sector through the EU market access strategy. Moreover, actions to ensure more secure access to raw materials were explicitly cited as a priority by the social partners in the Agro-Food, Textiles, Automotive, and Steel sectors.

Concerning trade policy as a whole, the current EU policy approach, as stated, for example, in the 2012 Communication on Industrial Policy (European Commission, 2012) and in the 2013 Action Plan for the Steel Industry (European Commission, 2013a), is to favour the pursuit of international trade liberalisation under the umbrella of the WTO, ‘in a spirit of reciprocity and mutual benefit’ (European Commission, 2012, p. 21). The negotiation of bilateral FTAs is thus seen as an important tool to put in place a level playing field in international trade for EU companies, in terms of access to markets and raw materials, under conditions of ‘fair competition’ (European Commission, 2013a, p. 10). Opinions in this respect among the sectoral social partners are, however, to an extent, dissonant. Some organisations have more clear positions on foreign trade agreements (FTA) than others. Thus, European steel makers (EUROFER) would see access to certain markets, such as Latin America and other emerging economies, as a key opportunity for the industry to expand, and regard trade negotiations as not having progressed enough to date. Energy and raw materials are seen as priority topics for such negotiations, and an FTA with the USA in particular is seen by EUROFER as a potential avenue to drive prices of gas and other raw materials down. On the other side, IndustriALL is in favour of international trade, pursued under conditions of fair competition in global markets to safeguard European industries and existing industrial structures. In this respect, and in agreement with the Confederation of European Trade Unions (ETUC), they stress that the safeguarding of social and ethical standards should constitute a key component of the EU trade policy. In view of this, they call for full compliance with ILO social and environmental standards in the global trading system – an aspect that is currently perceived as partly missing in existing FTAs. In the Automotive sector, the European Automobile Manufacturers Association (ACEA) considers that access for the car manufacturers to third markets is a very high priority as it presents a key growth opportunity. ACEA and Euratex (textiles) agree that what is crucial in FTAs is the creation of a level playing field with the same conditions in place for European and non-European companies. The latter ones, particularly those from emerging countries, with lower production costs, are seen as benefiting from the advantages of EU market access, whereas European companies find it difficult to gain access to these markets. Euratex stresses the issue of unfair competition through access to cheaper raw materials as a key issue that needs to be addressed, and reiterates its commitment to the social and environmental...
dimension of such agreements. IndustriALL shares this view and considers that the chapter on sustainable development in existing FTAs is not fully developed, and that this constitutes an area in need of urgent interventions.

BUSINESSEUROPE has produced a number of papers on foreign trade agreements and calls for bilateral agreements with Russia, USA, China, Taiwan and other countries. It recognises that EU’s trade partners have different regulatory regimes in place and argues in favour of a cooperation of the regulators (particularly in the case of EU–USA partnership negotiations) and the setting up of mechanisms that will eliminate or reduce existing regulatory divergences in goods and services. Horizontal regulatory provisions are generally welcomed, but BUSINESSEUROPE maintains that certain sectoral barriers to trade still exist and need to be addressed. BUSINESSEUROPE points out that European companies face several challenges when operating in China, Taiwan or other countries and recommends actions to develop the bilateral relations with those countries. In the context of the EU–USA partnership negotiations BUSINESSEUROPE anticipates significant benefits in terms of jobs and growth of the EU economy overall as deriving from such an agreement.

Public investment and public procurement initiatives

As Table 15 in the Annex shows, public investment initiatives at the EU level were reported as being in place only for the Steel and Defence sectors, and they primarily concerned public investment for productive infrastructures and building renovations.

Interventions in the area of public procurement focused on creating a level playing field, and a coherent framework in public procurement at the EU level was in place in Defence and Textiles, but prerogatives for action in this area are mainly at the national level. The social partners expressed some concerns about the fact that widespread use of public investment and public procurement initiatives can distort market mechanisms and favour national protectionism of certain industries, which is perceived as detrimental to competitiveness and innovation.

Energy supply and energy prices

Even though the social partners in almost all sectors identified this as a priority area, no concrete initiatives to address specifically the issues of energy supply and high energy prices are currently in place in any sector. The need to secure a reliable and green energy supply and invest in alternative energy sources was identified by numerous social partners, especially trade unions, as a key area of intervention for the realisation of a sustainable reindustrialisation of Europe. At the same time, the need for lower energy prices, particularly for energy-intensive industries (such as Steel) is identified by the Commission itself (for example, in the Steel Action Plan) as a key area in which urgent action is needed. Trade unions and industry and employer organisations in all the sectors identified excessive energy prices as a key problem for the competitiveness of the European industry, especially in comparison with non-EU producers located in countries where energy prices are lower, but there is a widespread perception that a comprehensive EU strategy to tackle this issue is still lacking. In relation to the question of energy and access to energy, however, an area of potential conflict exists between environmental and competitiveness concerns. Indeed, the urgent need to identify cheap energy sources to tackle the problems faced in this respect by European industry must be reconciled with sustainability concerns. In this respect, the development of alternative, green and environmentally sustainable energy sources to tackle the EU’s energy problems would certainly be desirable, particularly from the perspective of the trade unions. However, this strategy requires considerable investment and is not necessarily cheap in the short to medium term, and this represents a concern from the point of view of the industry.
Capital markets and access to finance

Investment incentives, access to finance, credit and subsidies for restructuring all fall under the ‘capital market’ industrial policy domain.

Access to finance and credit constitutes a priority area for the EU industrial policy strategy (European Commission, 2012). Support measures that aim to facilitate access to capital and credit for companies through the EIB loans and loan guarantees instruments were reported as being in place in the Chemicals, Automotive, and Defence sectors. Access to finance was cited as a key priority, especially for SMEs but also by the other three sectors surveyed; however there are currently no concrete policy initiatives. The Commission’s COSME initiative (Competitiveness of enterprises and SMEs), and in particular the Loan Guarantee Facility within it could be very relevant instruments in this respect, but it is still in the early stages of development as it is envisaged to come into effect after 2014.

The use of public subsidies for companies in crisis or to support restructuring is mainly a prerogative of national or local authorities, and in this respect the role of EU-level action was perceived as quite limited. In some sectors, the potential of using the European Social Fund (ESF) and the European Globalisation Adjustment Fund (EGF) to anticipate change and accompany restructuring through social measures has been discussed. This is presented as a recommendation for action in the Steel Action Plan. The use of public subsidies for restructuring, however, is a contentious issue for the social partners, as it is perceived as being associated with a high risk of protectionism and shoring up unproductive sectors. The social partners in some sectors clearly expressed the view that subsidies alone do not represent the solution to the problems of productive sectors, which should instead be addressed through comprehensive and strategic initiatives.

Skills, training and labour market policies

Skills, training and human capital investments constitute another pillar of the EU industrial policy communication of 2012. Training initiatives (which are connected to social plans in cases of restructuring) and initiatives to address sectoral skill needs are in place in the Textiles, Agro-Food, and Chemical sectors. These are accompanied by initiatives to favour European labour mobility and facilitate the equivalence of qualifications and skill profiles across EU countries. Among the sectors surveyed, a European Sectoral Skills Council is in place for the Textile sector, and there is currently a discussion about whether to set one in place for the Steel and Chemical sectors as well.

Recommendations to use ESFs and EGFs to put in place retraining programmes to adapt the skill base in case of restructuring are also part of the action plans for the Steel and Automotive sectors. Overall, interventions in the area of skills and training constitute a clear area of priority for the social partners (especially trade unions). Some employers, while recognising the importance of initiatives such as Sectoral Skills Councils in identifying sectoral skill needs, would insist on the priority of putting in place follow-up actions and concrete initiatives to address the problems identified. In the same vein, European Commission consultation showed that the success of the industry would depend on tapping the existing and future potential of the human capital. The expert group set up by the European Commission on New Skills for New Jobs clearly showed the need to bring together education and training with the industry to better anticipate the future demand for skills.

European social partners’ positions on industrial policy

Employer organisations

Employer organisations express satisfaction with the process of debating and their participation in the design of the industrial policy within the forums in place (High Level Groups, High Level Forums, and so on) and wish to give them a permanent status (rather than relying on renewals). Moreover, they see the growing focus on European industrial policy as a positive development with positive impacts on labour market and education policies. Energy efficiency and energy costs are recurring issues of concern in this discourse shared by all organisations.
Some of the specific policy positions on industrial policy expressed by employers’ organisations at the EU level are discussed here.

When it comes to the steel sector, EUROFER, the organisation representing employers in the sector, has published position papers related to industrial policy many of which focus on climate change, the CO₂ reduction pathway, resource efficiency, the EU emissions trading system, environmental footprint assessment, carbon leakage and other linked topics.

In response to the Commission Roadmap for moving to a competitive low carbon economy in 2050, EUROFER has conducted studies to assess the techno-economic perspective of the industry’s options to decrease its CO₂ emissions and presented its position. Given the current energy market conditions and infrastructure, EUROFER maintains that it is technologically and economically unachievable for the steel industry to achieve the targets unless alternative, ‘breakthrough’ technologies are used at industrial scale and that steps to ‘shield’ the sector’s competitiveness are taken at the same time.

Overall, it is argued that a sound industrial policy should provide a stable policy framework, provide access to financing, ensure that sectors exposed to the impact of climate policies remain competitive so that they can maintain investment and employment, provide investment in R&D to obtain the essential innovative technologies and furthermore design a regulatory framework that allows growth.

In relation to Textiles, the absence of a specific industrial policy and the continuous decline of the textiles industry is considered as regrettable by Euratex, which has published several position papers addressing this issue. In April 2012, they stated that research for SME-oriented programmes at the EU level fell far short of realising their full potential, and they suggested, among other things, a shift of the programme focus from research-intensive SMEs to research-absorbing/innovating SMEs; strengthening the role and involvement of end users/customers; introducing a toolbox of funding instruments and updating the role of SME groupings and associations as proposers of relevant SME research themes but not necessarily as project partners. It is clear, therefore, that the role played by SMEs in industrial policy constitutes a key area of concern for Euratex, given that the sector is dominated by small and medium companies.

Regarding the cross-sectoral representatives of the employers at the EU level, BUSINESSEUROPE supports horizontal initiatives for the entire economy, and also favours the various EU-level initiatives to support specific segments of EU industry. BUSINESSEUROPE expresses the view that to make the EU an attractive destination for investments, a number of initiatives need to be taken – not least on the legislative, regulatory front. Industry needs to compete more effectively in the Single market and growth needs to be accompanied by employment creation and investments. According to BE, job creation depends on a strong industrial base, and for this reason manufacturing is seen as in need of revitalisation. More specifically, BUSINESSEUROPE aims for a reindustrialisation of Europe, accompanied by a focus on smart regulation. In particular, it is suggested that ‘fitness checks’ on existing legislation are carried out to prevent red tape and bureaucratic inefficiencies. The various industrial growth objectives set at EU level have to be served well by the EU policies put forward in different areas, and ‘fitness checks’ could be helpful in ensuring the coherence of different policy instruments.

From BUSINESSEUROPE’s perspective, innovation and technology development also play a major role in increasing productivity. The regional aspect of industrial policy and the role that clusters can play are considered very important for generating innovation spillovers and industrial growth. The European employers’ organisation also highlights the paramount importance of education and training and lifelong learning for ensuring a qualified workforce. A skills assessment at the EU level needs to take place and the matching of skills demand and supply needs to be thoroughly examined. Social dialogue has to create a conducive framework for job creation and to put the EU back on the growth track.

In its latest position paper published in May 2013, BUSINESSEUROPE makes five key recommendations to support industrial competitiveness: 1) open global markets (internal and external trade policy; 2) get the balance right in the energy and climate policy; 3) finance future industrial
growth; 4) secure the supply of raw materials at competitive prices; and 5) translate skills into employment (BUSINESSEUROPE, 2013).

**Business organisations**

In the Automotive sector, ACEA recognises that considerable progress has been made through structured discussions in the various EU-level groups (such as the CARS21 initiative) and that this has been a useful and important process for the industry. ACEA has issued numerous position papers, outlining its priorities and vision for innovation and future developments in the Automotive sector. In relation to EU’s industrial policy, ACEA emphasises the need to put in place at the EU level a supportive legislative framework for the industry, in which a realistic balance is struck between the competitiveness of the industry and environmental concerns, and in which all stakeholders are consulted through an integrated approach when addressing complex issues such as road safety, CO₂ emissions and trade policy.

In the Defence sector, which is more diverse than the other examples presented in this study, some of the issues faced by the industry revolve around shrinking national defence budgets, fragmentation of the sectoral productive basis, need for large-scale investments, and the fact that a large part of the sector involves industries which are highly sensitive for national security and the security of citizens. It is a sector that clearly has two segments, a public and private one, with the former being quite substantial in terms of size. With a debate at EU level on the future of the sector currently in progress, the business organisation Aerospace and Defence (ASD) regards developments at this level as being quite important. However, more consultation, and especially interaction with European Commission services, needs to take place to discuss steps to be taken towards a more competitive and efficient industry. R&D investments are crucial for the future of the industry as many units still rely on older investments. Moving from planning to implementation at various levels requires several actors to be taken aboard and actions to be coordinated at EU and national level.

**Trade unions**

Trade unions generally welcome the growing focus on industrial policies at EU level and the current European Commission’s initiatives. IndustriALL, an umbrella EU trade union representing a large number of sectors (including Metal, Pharmaceuticals, ICT, Mechanical Engineering, Automotive, Aerospace, Shipbuilding, Chemical and Basic Material, Energy, and Defence), issued a position paper on industrial policies in June 2013 (IndustriALL, 2013). The document refers to both horizontal and vertical policies and covers the following areas: Social dialogue; Adapting the skill base, training; Public investments; R&D; Tax policies; Access to finance; Public procurement; Energy policy; Sustainability, Eco-efficiency; Competition.

IndustriALL considers social dialogue as a fundamental element in any industrial policy. Part of this refers to employee participation in the formulation of industrial policy priorities, but also to the centrality of investment in skills and training and of guaranteeing an individual right to training. This is closely linked to the improvement and safeguarding of working conditions of employees in the industry.

In IndustriALL’s industrial policy priorities, public investments and the role of the public sector are seen as crucial for the development of industries and investments in smart grid infrastructure, renewable energy sources, the European transport industry and R&D (both public and private investments) in particular are recommended to be strengthened. The pursuit of sustainability and eco-efficiency is strongly supported by the trade unions, while they recognise the issue of cost of energy and raw materials, and the development of a European energy policy is recommended. The role of European industry in the global market is highlighted and the notion of sustainability is extended to the global trading system as well. Emphasis is also given to vertical measures at EU level to support individual industries and regions and the need to support SMEs is specifically emphasised.
The positive role of social dialogue in the process of industrial policy formulation is also emphasised by EFFAT, the European Federation of Trade Unions in the Food, Agriculture and Tourism sectors, which highlights how the sectoral social dialogue has made significant contributions to finding solutions to labour market and skills challenges in the sector. They also agree with FoodDrinkEurope, the employers’ organisation in the sector, about the centrality of issues such as the price of raw materials and food taxes.

In sectors such as Defence, on the other hand, agreements between social partners were perceived by the relevant trade union, IndustriALL, as more difficult to reach given that there is still no consensus between the various participants in the industrial policy debate for the Defence sector on whether there should be a move towards more European coordination policies or whether sectoral industrial policy priorities should be decided at the national level.

When it comes to the cross-sectoral level, ETUC has expressed a clear position on industrial policies at the EU level and emphasises three main priorities:

1. investment in innovative policies in forward-looking industries, particularly investments in transport and energy, and the sustainable, green economy;
2. training for a qualified workforce as the key to an innovative industrial policy; and
3. action on restructuring and anticipation of change as well as an industrial agenda that promotes new and sustainable industries, products and services to guarantee jobs for tomorrow.

The ETUC representatives who took part in this study also identified the areas of access to capital, access to raw materials and energy prices as key priority areas in need of urgent intervention at the EU level. In particular, the absence of a long-term vision to bring about energy efficiency through investment in local, sustainable and low carbon energy production was identified as one of the main gaps in the current EU industrial policy agenda.

The current EU approach to international trade was also found to be in need of review according to ETUC. Thus, the ETUC expressed the necessity to find a successful balance between the European’s industry need for exports and access to third markets and the need to maintain and promote decent standards of work and health and safety for EU companies as well as their external trade partners. At the moment, it is perceived that the EU bilateral approach to trade negotiations does not allow for the social dimension of international trade to be adequately addressed, and that in this respect more general social standards should be applied across the board in trade negotiations, not least to prevent unfair competition.

A further concern was expressed by ETUC, as well as by the IndustriALL representatives for the Automotive sector, about the difficulty of reconciling a strategic, innovative industrial policy based on investment in technology, skills and human capital with the reality of the economic crisis and ongoing austerity efforts which is dominant within the European Union in the current context. Indeed, as national budgets for education, research and training come under strain, and companies in many countries are faced with the harsh employment consequences of the crisis, the capacity and viability of implementing comprehensive training and social investment policies on the part of governments and long-term, strategic innovation policies on the part of companies is seriously challenged. In the view of IndustriALL and ETUC, these issues therefore represent a serious threat to the success of the current efforts to revive industrial policy at the EU level.

**Role of European sectoral social dialogue**

European Sectoral Social Dialogue Committees (ESSDC) were introduced by the European Commission in 1998 to play a role not only in European public policymaking but also in developing more independent bilateral relations and eventually concluding agreements. As these committees can influence policymaking at EU level and form joint opinions, conclude joint texts and agreements, among other functions, they potentially have a role in issues related to the development of their
industry. While outcomes, particularly social issues, of the ESSDC have been extensively studied, their role in and contribution to the industrial policy issues is less researched. Social dialogue cannot be seen simply as a conflict resolution mechanism but also as a catalyst to foster job creation, growth, innovation, skill development and industrial change. While recognising that national-level social dialogue has a broader mandate and a different role to play in all these areas, the importance of the EU-level social dialogue and its ability to bring together views and positions of all national social partners should not be underestimated.

European Sectoral Social Dialogue Committees have been established in four out of the six sectors examined in this study. In 1999, the Textiles Committee was the first to be established after the launch of the committees while the newest one, the Food Committee, was established only recently. Chemicals were set up in 2004 and Steel in 2006. The case of the Steel sector is an interesting one. It was officially launched as an ESSDC in 2006, but the two actors representing the industry and trade unions had been active in Joint Committees as early as 1951 with the establishment of the European Coal and Steel Communities (ECSC). Therefore, the combination of these sectors makes an interesting case for the industrial policies study.

The role European sectoral social dialogue plays in industrial policies is explored by looking into: i) the agenda, ii) outcomes of discussions (type of texts) and iii) other indirect effects.

**Agenda issues**

Focusing on the main industrial policy instruments, the study attempted to explore with the four sectoral social partners to what extent they have been debated by the ESSDC. Table 5 illustrates the ESSDC agenda issues related to industrial policies in the four relevant sectors and makes it clear that the social partners in the Steel sector have been dealing with all the topics listed in the table. A large number of industrial policy issues have been addressed by the Chemical sector as well, which is followed by the Textiles sector, while the newly established Food Committee already gave due consideration to these issues at the beginning of its mandate.

**Table 5: Social dialogue agenda issues related to industrial policies**

<table>
<thead>
<tr>
<th>Issues related to industrial policies</th>
<th>Textiles</th>
<th>Food</th>
<th>Steel</th>
<th>Chemicals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation programmes</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Support for R&amp;D</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Cluster promotion</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export promotion</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposals for improvement of access to finance (e.g. loan, loan guarantees, venture capital funding)</td>
<td></td>
<td>x</td>
<td>x</td>
<td></td>
</tr>
<tr>
<td>Public procurement policies</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax and duty policies</td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Training and adapting the skill base</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Subsidies for restructuring/bailout of companies in crisis</td>
<td></td>
<td></td>
<td>x</td>
<td></td>
</tr>
</tbody>
</table>
The range of issues that these committees have dealt with is interesting. The top issues are training and adapting the skill base, innovation programmes, social plans in case of restructuring, and access to raw materials (while energy cost is also important).

The European Commission’s concerns regarding the capacity of the industries to tap into the existing and future potential of Europe’s human capital appear to be shared by all four sectoral Social Dialogue Committees, which have discussed extensively the issue of training and adapting the skill base.

Acquiring the right skills to maintain or boost competitiveness appears to be a major concern of both sides of industry, as skills are seen a key driver for growth and employment.

With global leading industries in the sample, such as Chemicals and Steel, it is not a surprise that these ESSDCs, as well as Food, have given so much importance to innovation programmes as a means to achieve industrial advantage. Linked with innovation R&D support programmes they feature quite high on the agenda of the Steel and Chemicals sector.

In times of economic contraction and under the pressures of globalisation, several companies in the sectors mentioned above have undergone (or are likely to undergo) restructuring. Therefore, social plans to deal with the negative effects of restructuring, and training or retraining of employees, are another major issue that concern the representatives of the two sides of industry.

Sustainable industrial policy is not possible without access to raw materials, and availability of technological or other solutions has been the subject of debate of three ESSDCs. Linked to this is the price of energy and raw materials, and energy supply security. The price of energy in particular constitutes a great cost to European industries.

High energy prices have been a concern for the competitiveness of the European industries. A recent report (Veugelers, 2013) looking into the manufacturing sector finds that industrial user electricity prices were 35% above US prices in 1990 but rose to 120% above US prices in 2012. Energy-intensive industries, such as Steel and Chemicals, are among those most directly affected. The Action Plan for the Steel Sector (European Commission, 2013a) clearly mentions that ‘European industry is faced with higher energy prices than most of its international competitors.’ The two above-mentioned committees
have been discussing the issue of energy prices, climate change and the emission trading system and consequences for the industry and employment in the ESSDC.

The interaction of the EU-level forums with the ESSDC was explored in the interviews with the sectoral social partners to establish its compatibility, potential conflicts and complementarities. In all cases, it was proved that the existence of High Level Groups and other meetings to discuss industrial policy issues did not compete with social dialogue agenda. On the contrary, prior contacts and long-term relationships in the sectoral Social Dialogue Committees facilitated work in HLG. Therefore, although the remits of the two, ESSDC, which mainly focuses on social issues, and HLG are different their interaction has been useful and constructive.

On the flipside of the coin, several issues proved controversial and did not appear in reports produced by High Level Groups but were then extensively debated at ESSDC meetings in an effort to reach an agreement or a joint understanding of the issue at hand. In other words, the work produced by ESSDC seems to be complementary to the work pursued in other groups, consultations, High Level Groups and other forums where the same social partners are invited. Moreover, sectoral social partners were instrumental in the setting up of the steel High Level Group, which produced a number of reports and recently concluded part of its work with the European Commission’s Communication on the Action Plan for a Competitive and Sustainable Steel Industry in Europe.

In conclusion, the study of the four sectors shows that their agenda has evolved and the range of issues discussed goes beyond the strictly ‘social issues’ to embrace wider industry matters.

**Table 6: Views of the sectoral social partners on role of ESSDC in industrial policies**

<table>
<thead>
<tr>
<th>Trade unions</th>
<th>Employer organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Satisfaction with the workings of the ESSDC but outcomes of their discussions need to be taken aboard by EC.</td>
<td>• Satisfaction with the workings of the ESSDC, but outcomes of their discussions and joint positions need to be taken on board by the European Commission.</td>
</tr>
<tr>
<td>• ESSDC is an important vehicle to convey own coordinated positions through social dialogue.</td>
<td>• ESSDC has limited role in industrial policies issues but it allows for the development of a common understanding between social partners (for example on competitiveness, decent employment standards) and joint positions on industrial policy issues.</td>
</tr>
<tr>
<td>• Social partners know their sectors best.</td>
<td>• ESSDC and High Level Groups play complementary roles</td>
</tr>
<tr>
<td>• ESSDC and High Level Groups have separate remits, with the former dealing mainly with social issues, but they have complementary roles.</td>
<td>• Preparatory work of the social partners within the ESSDC led to coordinated papers submitted to High Level Groups and successful outcomes for the latter groups.</td>
</tr>
<tr>
<td>• Social issues arisen in the context of the High Level Groups are followed up by the ESSDCs.</td>
<td>• Involvement of the ESSDC in the sector Action plan debate led to a very positive impact and final adoption.</td>
</tr>
<tr>
<td>• Debates in ESSDC on industrial policy issues prior to the setting up of High Level Groups facilitated the work of the latter and helped reach compromises on issues previously dividing the two sides.</td>
<td>• Joint appreciation of competitiveness issues for the sector.</td>
</tr>
<tr>
<td>• In the absence of any other forum for discussion of industrial policy issues, ESSDC becomes the main vehicle for such a discussion (with its limitations).</td>
<td></td>
</tr>
</tbody>
</table>
Debate in sectors without ESSDC

The EU-level initiatives and debate within the High Level Group for the Automotive sector and the Task Force on Defence provided an opportunity for the representatives of the industry and trade unions to engage in a debate about the future of the industry. However, there has been no social dialogue as there is no established ESSDC for either sector. The role of the relevant DGs which are the sectors’ interlocutors is appreciated by both sides of the industry.

The positions of the industry actors on industrial policies have been expressed in these forums and may have been exchanged informally between them. However, what becomes clear from this study is that sectors with an ESSDC in place (particularly Chemicals, Steel, and Food) have been jointly seeking solutions, preparing documents and joint positions whereas in the two sectors without such a bilateral institutional setting this opportunity has not been presented. Having said this, it is important to note that the characteristics of the industry should be taken into account. For example, Defence is very different from the other sectors examined here, in terms of its embeddedness in the national institutions, the readiness of the actors to engage in such a dialogue, and other factors.

Outputs – type of texts adopted

Whether the discussion leads to firm outputs has always been a constant research question in the European social dialogue literature. The sectoral social partners have produced a number of interesting texts as a result of their discussions. The most common type of text adopted is Joint Opinions. All four committees formed joint views on issues such as climate change, the revision of the EU emissions trading system, energy efficiency, industry policy (e.g. REACH), CAP, taxes, insolvency, education, training and lifelong learning.

Declarations is another form used by the social partners to conclude their discussions, while the Chemicals Committee concluded a Framework of Actions on Competence Profiles for their sector with the commitment of both actors to monitor implementation at national level on a regular basis.

Table 7: Type of texts adopted

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Textiles</th>
<th>Food</th>
<th>Steel</th>
<th>Chemicals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement Council Decision</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Text</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Autonomous Agreement</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Framework of actions</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Code of conduct</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Declaration</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Follow-up report</td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Guidelines</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint opinion</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Policy orientation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tools</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
</tbody>
</table>

Other indirect effects

Without undermining the importance of the agenda and outputs, the social partners highlighted that the activities of committees do not always lead to certain types of texts but contribute overall to the creation of an environment where opinions and views are freely exchanged. This is the third, less
obvious, outcome of the EU-level sectoral social dialogue and has to do with a less tangible, qualitative aspect of social dialogue which involves sharing of ideas, reaching compromises and shared understanding of priorities that lay the foundations for any future actions based on mutual trust. The social partners considered this outcome to be of great importance and emphasised that it should not be underestimated, particularly as industries are faced with enormous challenges for securing competitiveness in EU and in the global arena.

Conclusions

This section analysed recent developments in industrial policy at the EU level, and the level and type of social partner involvement in shaping them. Policy instruments in place in six productive sectors were surveyed and representatives of the social partners’ or industry representatives from these sectors interviewed to capture their views and assessment of existing policy measures and of their involvement in the policymaking process.

Concerning the current EU policy framework, the European Commission Communication of October 2012 sets the pace for Europe’s reindustrialisation with the aim to increase the share of industry in GDP from 16% to 20% in 2020. With horizontal measures and six Priority Action Lines (sectoral policies), it puts forward action plans and other initiatives. To varied degrees, all six industries are presented with certain challenges as the global landscape is changing rapidly and affects them in different ways.

Policy instruments and outstanding issues

Considered particularly important by the social partners, innovation policies and R&D initiatives are widespread policy instruments in place at EU level. Some social partners include innovation as a central pillar in their strategy documents. The European Commission also recognises that skills are a key driver for growth, employment and competitiveness and that they are closely related to innovation. This view is shared by the social partners, who clearly see this as a priority area. The trade unions raise the issue of restructuring and the need for retraining workers and setting up social plans. Training and adapting the skill base appears on the agendas of all ESSDCs, which underlines the importance that social partners attach to the subject.

European Commission initiatives on industrial policies and the process of involving all relevant parties are widely appreciated by both industry and trade unions. When it comes to outcomes of the debate on industrial policies there was a certain level of shared satisfaction emerging from the analysis. However, several issues were raised, such as the need to reconcile climate change regulations and CO₂ emissions with competitiveness concerns of industry, the need for greater investment in technology and equipment, and the need for more concrete actions on issues such as skills shortages, energy prices and fair competition within international trade. Some social partners expressed scepticism regarding the current EU industrial policies’ focus on sectors that can potentially become employment intensive in the future, while large employers in other sectors are faced with great challenges in the present.

Both sides of industry (within the six sectors) have clear views regarding measures that can potentially improve the situation of their respective sector. Moreover, the cross-sector social partners have also taken positions on the EU industrial policy and highlighted horizontal approaches: BUSINESSEUROPE argues that job creation depends on a strong industrial base and innovation and technological developments will certainly boost productivity. ETUC agrees with BUSINESSEUROPE on the issue of access to capital and raw materials but also emphasises the need for investments in innovative policies, training and anticipation of change and the sustainable agenda.

Social partners’ participation in policymaking

Undoubtedly, the setting up of High Level Groups has facilitated the debate among all parties involved and has increased the understanding of key issues in industrial policies for the sectors in question. The involvement of government representatives in such groups facilitates the coordination of policies that go beyond narrow national interests to European interests. However, representatives of the social
partners believe that they have a better appreciation of the needs of their sector and their views should be taken on board more consistently. A general satisfaction with such forums indicates that a potential expansion of the mandate of these High Level Groups (and possibly making them permanent) would be considered a positive development. Nevertheless, it is clear that participation alone does not warrant meaningful outcomes but depends on interaction between the parties concerned, contributions and the take-up and follow-up actions by the relevant actors (e.g. the Commission, national governments). In sectors without such forums in place but with consultation taking different forms and formats (such as ad-hoc meetings, briefings and hearings) it appears that closer interaction (through regular meetings and giving the social partners the opportunity to make a concrete impact on policymaking) would enhance the quality of debate and outcomes. Other forums (ad-hoc, working groups, task forces and so on) have also encouraged broader stakeholder participation.

**Broadening the agenda**

European Sectoral Social Dialogue Committees with a distinct mandate clearly focus their activities on social issues. However, the two sides of industry increasingly allow broadening of their agendas and discussions of issues that touch upon the competitiveness of the sector, obstacles to expansion, access to materials, technology, energy, climate change that are at the heart of the industrial policy agenda. In several instances, this debate has led to joint positions and declarations of the social partners. The social partners unanimously express a wide satisfaction with the workings of the ESSDC. The role European sectoral social dialogue plays in industrial policies has been explored by looking into: i) the agenda, ii) outcomes of discussions and iii) other indirect effects. Overall, the topic of industrial policy has been recognised as being important in the social partners’ deliberations, specific outcomes produced, and a request was expressed that their voice be heard and acted upon at EU level. Sectors without an ESSDC (such as Automotive, and Defence) do not have the same opportunities to debate social or industrial policy issues in a structured and permanent set-up, they can only participate on an ad-hoc basis. This form of participation can still lead to productive outcomes provided that all parties are committed to it. However, it appears that in the four sectors with continuous ESSDC interaction and a common setting of the agenda can more often than not lead to a shared understanding of issues and enable the parties to make progress regarding industry needs and each others’ positions and even joint positions. This view is shared by the social partners in longstanding committees such as Steel. Interaction of High Level Groups with ESSDC has been positive and complementary and, in one case, a recommendation of the High Level Group of the Agro-Food industry led to the setting up of the ESSDC.

For meaningful industrial policies at EU level that lead to growth and the creation of jobs, representatives of labour, employers and business organisations agree that moving from generic to more concrete actions is essential. They also see coordination of national and EU-level policies as essential and fundamental for the success of any initiative, particularly concerning issues such as trade, competition policy, access to markets and raw materials, and climate change. Follow-up on actions at national level would shorten the gap between policy design and implementation. A partnership approach involving the EU, Member States and industry would maximise the effects of reindustrialisation policies, capitalise on new technologies, step up efforts at reskilling the workforce, promote innovation and increase investments and jobs.

**Conclusions**

**Industrial policy at national level**

Recent years have seen a resurgence of the debate around industrial policy across the vast majority of European countries, based on the recognition that the safeguarding, development and innovation of industry and manufacturing is crucial to restart growth, create jobs and drive innovation in the context of the post-crisis economic recovery. What has emerged from our analysis of recent developments in
the industrial policy debate at the national level in the EU27 Member States and Norway is however a very composite picture, in which both the type of instruments put in place within the industrial policy realm and the role and degree of social partners’ involvement in shaping them vary greatly amongst the countries surveyed.

**Social partners’ involvement**

When it comes to the degree and scope of social partners’ involvement, the analysis found, in line with our initial theoretical expectations, that the extent to which trade unions and employers or industry representatives are involved in shaping and setting the direction of industrial policy initiatives depends crucially on the pre-existing institutional characteristics of the countries’ industrial relations regimes. So, in this sense, countries with more entrenched traditions of tripartism and social partnerships displayed a greater and more consistent degree of social partner involvement in the industrial policy debate, while this appeared to be largely marginal in the liberal and southern European economies and often only cosmetic in the so-called transition economies of eastern Europe and the Baltic countries.

With regard to future challenges and possibilities for the social partners’ involvement in industrial policy at the national level, the analysis has emphasised both positive and negative tendencies, as well as some more unexpected trends. On one hand, it seems that in many countries the crisis context as well as the pressures of globalisation and changing global economic landscapes have put social dialogue under strain and have created the tendency for governments to decide and implement interventions and policy measures very quickly, through agile processes of policymaking which do not leave space for extensive consultation and dialogue with the social partners. This appears to be an emerging trend not only, as may have been expected, in the countries severely hit by the Eurozone crisis, but also in countries in which tripartite social partnership arrangements are well entrenched, such as the Nordic countries. In other countries, it was observed that while employers’ or industry organisations were involved in the preparation of industrial policy initiatives, the trade unions were largely excluded. Another new and potentially surprising finding highlighted by the analysis is that the level of social partner involvement seemed to be more consistent and significant in the preparation of horizontal and cross-sectoral initiatives than in targeted, sectoral ones.

These trends are potentially worrying, because industrial policy initiatives implemented without sufficient consultation of the social partners can not only suffer from decreased legitimacy and ownership, and thus encounter potential problems at the level of implementation, but also suffer from a lack of robustness and coherence. While the purpose of this descriptive study was not to assess the effectiveness of the various national instruments, the analysis has emphasised that in those cases where the social partners were consistently involved alongside other stakeholders in the formulation of initiatives and strategies for innovation and growth in the industrial sphere, these measures benefited from a greater degree of coherence and systemic coordination. A crucial lesson that emerges, therefore, is that it would be beneficial for national governments and social partners to devise systems and mechanisms of policymaking and consultation that allow for cross-sectoral, tripartite, multistakeholder consultation on industrial policy initiatives, while retaining a degree of agility and relative speed for the process to permit quick responses to the new challenges posed by the continuously evolving global industrial landscape. The positive example of Estonia in this respect was highlighted in the analysis.

**Instruments of industrial policy**

A large part of the analysis was focused on surveying the variety of industrial policy instruments actually in place across the countries featured. A great variety of existing instruments was found, falling within different ‘typologies’ of industrial policy: indeed, while some countries (namely Spain, the UK, Lithuania, Cyprus, Hungary and the Netherlands) seemed to privilege a targeted, sector-specific approach to industrial policy initiatives, others focused on a more regional approach aimed at formation of regional industrial clusters (see for example Romania, Austria, Denmark or Belgium), or focused their efforts on a specific type of companies – such as SMEs or start-ups – rather than on specific productive sectors as such (see the cases of Czech Republic or Portugal). Many countries
process of policy formulation, to increase the coherence and robustness of industrial policy initiatives. However, it also points to the fact that governments have a responsibility to make efforts to include as much as possible both trade unions and employers’ organisation in the process of policy formulation, to increase the coherence and robustness of industrial policy initiatives,

(such as Slovenia, Estonia, Poland, Italy and Luxembourg) implemented restructuring initiatives, especially in the wake of the crisis, and the role of the European Regional Development Fund as a funding source for these initiatives was emphasised. Closely tied to restructuring measures was the setting up of training initiatives aimed at updating and adapting the workforce’s skills base, although this type of initiative appeared to be less embedded on the industrial policy agenda at the national level than at the EU level. In this sense, greater coordination between EU-level policy priorities and actions by social partners and governments at national level would probably be desirable. Finally, some countries privileged a more horizontal, systemic approach to industrial policy matters, in line with the most recent developments in this field (see the section in this report titled ‘Industrial policy in context’), in which concerns for innovation, productivity, competitiveness and systemic coordination across productive sectors are given centre-stage. This approach appeared to be more widespread in the Nordic countries, Germany and Slovakia, with very promising results – especially when it comes to ‘smart’ specialisation and innovative technological development. Some countries – such as Belgium, Luxembourg and Spain – also had in place more comprehensive industrial policy strategies which included both targeted sectoral and horizontal initiatives: whilst still relatively uncommon, these examples of comprehensive strategies represent a very promising avenue for the development of coordinated industrial policy initiatives at the domestic level.

Overall, it appeared that within the observed variety of policy instruments implemented across the countries surveyed, an emerging, albeit still limited, degree of convergence between the direction of industrial policy at the national level and the recommendations and strategic direction set at the EU level could be traced. In particular, some of the recommendations proposed to Member States by the European Commission in the latest Communication on a European Industrial Renaissance (European Commission, 2014) are already in place in some of the countries examined, and could be used as examples of good practice for other Member States. For example, the European Commission proposes 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 the innovative technologies and market opportunities.’ (European Commission, 2014, p. 11). Examples of industrial policy strategies to achieve smart specialisation are already in place in Romania and Lithuania, and regional approaches to industrial policy aimed at forming regional industrial clusters were also highlighted as being in place in Austria and again Romania, as highlighted in the section above on Industrial policy instruments. These were identified as positive examples of good practice that could potentially be replicated in other Member States.

It is difficult to draw definite conclusions from the analysis about causes and correlations between the characteristics of national industrial relations regimes, the degree of social partners’ involvement and the type of industrial policy instruments implemented. What emerged clearly from the analysis is that there is no systematic co-variation between industrial relations’ regimes and the dominant type of industrial policy initiatives implemented by countries. However, the countries with more entrenched systems of cross-sectoral tripartite consultation such as the so-called ‘social partnership’ countries, and the Nordic countries more commonly than the others, were found to have implemented cross-sectoral industrial policy initiatives involving a variety of stakeholders and with high levels of involvement and consultation of the social partners. On the other hand, we observed that in countries where more sectoral targeted initiatives were predominant, the level of social partners’ involvement, especially trade unions, was more limited.

This on one hand leads us to conclude that pre-existing institutional arrangements matter in shaping the extent to which social partners are involved in the policy process, and that this in turn may have an impact on the ease with which certain countries are able to put in place tripartite, multistakeholder industrial policy initiatives. However, it also points to the fact that governments have a responsibility to make efforts to include as much as possible both trade unions and employers’ organisation in the process of policy formulation, to increase the coherence and robustness of industrial policy initiatives,
and that in this respect supporting the capacity-building of social partners at the domestic level is crucial.

**European social dialogue**

A new academic and policy debate has been taking place since the beginning of the economic crisis regarding the policy measures to revive economies. The world’s big economies have taken initiatives to stimulate their economies by focusing on specific industries, particularly manufacturing, as an engine for boosting growth (Aggarwal and Evenett, 2012). In the USA, the reindustrialisation debate is well advanced and policymakers are discussing active industrial policies. China and other Asian countries have taken a more selective approach when it comes to industrial policies. In Europe, and particularly at EU level, the European Commission through various initiatives proposes a proactive approach to industrial policy based on innovation, better market conditions, access to capital and human capital and skills. Following extensive public consultation six priority areas have been selected while this proactive approach will be extended to other key areas as seen in the previous sections of this report. The objective of the EU industrial policy is to foster competitiveness but industries themselves should develop their competitive advantages and strengths and they are responsible for determining their success or failure (European Commission, 2012, p. 582).

**Industrial policy instruments**

The study tried to explore further the use of different industrial policy measures in the six sectors surveyed (Agro-Food, Steel, Textiles, Chemicals, Automotive and Defence), such as innovation policy, product market interventions, regulatory framework, trade policy, access to third markets, energy supply and prices, capital market and access to finance, skills, training and labour market policies. Both sides of the industry welcome the growing focus on industrial policies at EU level and the European Commission initiatives.

Looking into these six sectors it appears that innovation is the most widely used instrument. Research and Development (R&D) can lead to innovation and there are several Commission-funded initiatives, such as FP7 and Horizon 2020. Sectoral social partners consider this instrument as particularly important as it promotes technological innovation crucial for the future of industry. Such technological innovation can: increase competitiveness; improve sustainability and energy efficiency; identify areas of competitive advantage and future expansion; and encourage public–private partnerships essential for a more cohesive and systemic approach.

Even within the ESSDCs, which traditionally deal with social issues, innovation is of high importance and addressed by the members of the committees, as three out of the four committees surveyed have dealt with the issue in their workings.

Human capital and skills are one of the five pillars of the EU industrial policy which embraces both education, linked with mismatches and skills shortages, and training for workers who drive innovation in their daily work and also to address the need for reskilling in case of restructuring. A number of European Commission initiatives move in this direction, for example the development of a multilingual classification of skills competences and occupations, the Sector Skills councils, upgrading the role of EURES as a pan-European placement tool, and the development of a qualitative framework for Traineeships. Both social partners, but particularly trade unions, emphasised the importance of skills and training for the growth of industry and asked for continuous efforts at up-skilling. Trade unions have included this item on their agenda in all discussions at several EU fora. In the light of evidence (Veugelers, 2013) that in the manufacturing sector the loss of jobs is mostly concentrated in the low skill segment and new jobs are becoming more skill-intensive, the importance of this pillar to European industrial policy is obvious. European Sectoral Skills Councils are in place for some industries (such as Textiles) and others are in the process of setting them up as part of sector Action Plans (for example, the Steel and Chemical sectors). Even though they are new institutions, these Councils are greatly appreciated by the social partners, who expect that the recommendations and initiatives emerging from them will find a practical implementation and use not only at national level,
by national sectoral bodies, but also directly by companies and workers. It is of utmost importance that the Skills Councils activities go beyond the level of identification of skills gaps to coordinated action across Europe to achieve tangible results. Complementarity of instruments would strengthen the effectiveness of the tools put in place; therefore, putting in use ESP and EGF funds for the training of workers in a targeted way, addressing the needs of specific industries and regions could achieve great results. The EC in the new Communication (European Commission, 2014) proposes to take action in a comprehensive manner when it comes to anticipating and facilitating change at regional level as the impact of restructuring is mostly felt at regional level.

Given the pervasiveness of the globalisation, and the economic crisis and its effect on the European companies, anticipation of change and challenges is essential. This requires the participation of several actors and workers at company level but, more importantly, of the sectoral social dialogue partners – who with their cross-national experience can convey successful practices to the sectors and companies concerned.

It is widely recognised by the EC and the social partners alike that access to capital and finance is one of the key conditions for growth, and several instruments are put in place with EIB financing for companies in need of capital (especially the SMEs) as well as other nationally supported initiatives. Scepticism is expressed by EU-level social partners when it comes to financing (public financing at national level) for restructuring as this can be perceived as sign of protectionism and the shoring up of unproductive sectors. Other types of support are deemed more appropriate in such cases.

Higher energy prices in Europe compared to the US appears to be a concern to the industry, EU-level social partners and other policymakers. The EC recognises the acute nature of this challenge and has set forward some action measures. Both EU-level sectoral social partners (of the six sectors participating in the study) identify this as a major challenge for European industry; however the means to tackle the energy problem are not necessarily shared. The trade unions are advocates of alternative solutions and environmentally sustainable energy sources. The employers’ organisations (particularly of energy-intensive sectors) facing the mounting energy costs and the CO₂ emissions restrictions consider that investments in research and technology will bring the costs down in the long term and will allow EU emission targets to be met – but for the time being this constitutes a major challenge.

Linked to the issues above is the question of access to third countries: indeed trade policy is crucial in many industrial sectors for getting access to cheaper energy, raw materials, markets for products, etc. Obviously, the Member States and to a certain extent the European Commission drive trade policy, taking into account the concerns above as expressed by the industry and trade unions. Depending on the nature of their activities, some sectors rely heavily on external actions and trade agreements and obviously they have stronger views on the contents of such bilateral agreements (since the multilateral round has failed). Export promotion, removing sector barriers to trade, access to other countries’ markets on equal terms, access to raw materials and energy are among the issues of high priority for the employers’ organisations. Ensuring fair competition and a level playing field, safeguarding social standards, respect for social and environmental issues, and strengthening the social chapter of such agreements are at the core of the trade unions’ demands.

Overall, an unprecedented mobilisation of resources is foreseen at EU level with a view to setting the framework conditions for the growth of industries in an integrated way and stimulating the European economy. Analysis of the national reports does not provide enough evidence to show how those are used at national level; however, government participation in High Level Groups and other forums seem to strengthen the taking up of actions and recommendations at national level as it increases understanding of the need for coordinated action (see, for instance, the case of the steel sector). Therefore, it is recommended that participation of government representatives (as well as social partners) is sought systematically when actions in the area of industrial policies are undertaken at EU level. This is particularly important given that social partners are not consistently involved in policy formulation and implementation at national level, as we have previously emphasised. Having said that,
the EC good practice of consulting with both social partners when it comes to industry matters should be further pursued and also encouraged and followed at national level.

Involvement of social partners

This was a central question of the EU-level survey of the six sectors. It has become evident that EU-level social partners and business representatives have been involved in policy formulation through their participation in various institutional settings, from High Level Groups to ad-hoc meetings and other multistakeholder initiatives. The most encompassing form of involvement is that of the High Level Groups – multistakeholder groups which allow different perspectives and points of view to be examined. Agendas are quite comprehensive and the participation of social partners and civil society organisations as well has strengthened the social dimension of industry issues. A high degree of satisfaction is shared among social partners with regard to their involvement in these forums. The instrument is quite successful and some social partners would recommend a permanent structure that would allow continuous debate of all upcoming issues in the industry. Other forms of participation (ad-hoc meetings, briefings, working groups and so on) are useful as well and provide a platform for discussion of industry issues, but they are not as comprehensive as the High Level Groups. Additionally, a capacity issue was raised by the trade unions. Industries without a High Level Group in place see the need for more frequent meetings with EC services.

When it comes to the outcomes of these consultations and group work, again general satisfaction was expressed by the social partners. However, there is an expectation for more concrete actions to be followed at the level of policymaking. Social partners involved in the various forums discussing industrial policies consider themselves as experts in industry matters and would expect their voice and opinions to be taken into consideration more often than not. Action plans for certain industries are produced by the EC and are a tangible product of the work carried out in High Level Groups. Furthermore, studies identifying skills gaps, liaising with national sectoral councils, and creating a platform of exchange between sector representatives and education/training providers in a given industry are some indicative activities of the European Sectoral Skills Councils. Different DGs coordinating work in the field initiate activities on sustainability, environmental issues, innovation, technology platforms and market competition, among others.

Finally, autonomous initiatives of the EU-level social partners have been taken as well, such as position papers, studies, joint reports, and so on. All in all, the analysis has emphasised that a wealth of measures and initiatives are currently in place,

In terms of European Sectoral Social Dialogue, it is interesting to note that both ESSDC and HLG of a given sector worked in a complementary way and reinforced each other to the benefit of the industry. Social partners tested their limits and responded in a coordinated way to policy challenges. While acknowledging the importance of policy measures to support certain sectors, social partners raised the issue of other sectors where deindustrialisation and/or restructuring in certain regions in Europe is a fact of life and a hard reality and in which therefore anticipation of change, initiatives for training/retraining and social plans play an important role.

With regard to the ESSDC debate on industrial policies it appears that there has been a shift in their agenda-setting (at least for the four sectors examined here); while training and adapting the skills base and social plans for restructuring are some of the topics that feature (as expected) on top of their agendas, other issues such as innovation, access to raw materials (and energy costs), R&D, and access to finance seem to be gaining in importance, thus enlarging thus the scope of the committees. Acknowledging the limited nature of this small survey, which does not allow for generalisations on all ESSDC (43 currently), this evidence presents a very encouraging development in the evolution of the European level sectoral social dialogue. Social partners seem to recognise the changing landscape and the big challenges industries are faced with, and they are moving towards a transformation of social dialogue to embrace broader industry issues head on. Such a move could possibly be adopted (and encouraged) by other industries and ESSDCs. The question still remains on how the outcomes of this social dialogue are actually materialised or utilised at the policymaking level, and how the EU-level.
sectoral social dialogue is further supported – particularly as more Member States with very different social dialogue cultures (or none) are joining in.

The Annual Growth Survey reiterated the need for growth support measures in order to speed up recovery and help Europe compete successfully with other global players. Promoting European industries is a key factor in achieving growth; however, one has to recognise the uneven developments in Europe, particularly in the south where growth remains weak as a result of the economic crisis. Strategies that look into development opportunities and address factors holding industry back need to be closely examined. Strategic investments at national level to stimulate recovery in a coordinated way with EU-level policies can restore European industrial competitiveness. As this study has shown, involving the social partners in the policy formulation and implementation at both national and European level can bring together expertise from the ground and the combination of labour market, social and industry experience, and thus greatly increase the robustness, relevance and timeliness of existing industrial policy initiatives.

Nicolai Søndergaard Laugesen, Danish Technological Institute; Stavroula Demetriades and Arianna Tassinari, Eurofound

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**Additional links to documents and information sources**


**Annex**

**Analytical framework**

The analysis is based on contributions from the national experts as well as interviews with European stakeholders. The expert contributions provide insights into involvement and instruments in each of the countries.

The insights cover the specific forms of involvement of the social partners including standing committees, ad-hoc committees, High Level Groups, hearings, consultations and conferences. For each of these forms of involvement, the experts have assessed the involvement on a five-point scale: statutory/mandatory, very common, fairly common, rarely used and not used at all.
### Table 8: Forms of involvement in social partnership regime*

<table>
<thead>
<tr>
<th></th>
<th>Tripartite standing committees</th>
<th>Tripartite ad-hoc committees</th>
<th>HLG/multi stakeholder committees</th>
<th>Hearings</th>
<th>Consultations</th>
<th>Conferences</th>
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### Table 9: Forms of involvement in Nordic corporatist regime*

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### Table 10: Forms of involvement in liberal pluralism regime*

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### Table 11: Forms of involvement in polarised pluralism regime*

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Industrial policymaking and implementation may be carried out by different constellations of stakeholders. Hence, industrial policy initiatives – in addition to unilateral government initiatives – may take different forms, such as:

- bipartite initiative (a common approach by the social partners);
- tripartite initiative (the social partners in tandem with the public authorities);
- tripartite+ initiative (the three stakeholders in combination sometimes with other civil society players such as NGOs, research centres or qualified figures);
- public–private partnership initiatives (one social partner and the public authorities); and
- unilateral initiatives (a single social partner). (ETUC, 2012)

The national experts have also provided insights into the policy instruments at the national, regional and local level. The instruments include, among others, internationalisation of SMEs, public investments, infrastructure, and construction.

Furthermore, the experts have provided examples of industrial policies. There is no single definition of ‘industrial policy’, and the various countries have different reasons and motivations for adopting industrial policies (OECD, 2009). However, in general, industrial policies are aimed at improving the competitiveness of a domestic industry. The selection of examples were guided by the following criteria:

- importance of the sector to the national economy;
- level of government support to the industry; and

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**Table 12: Forms of involvement in transition economy regime**

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*The table uses a five point scale that ranges from statutory/mandatory (4), very common (3), fairly common (2), rarely used (1) and not used at all (0).*
• best practice of social dialogue in the country.

For the EU-level study six sectors were selected, i.e. four with an established ESSDC (Chemicals, Food, Steel, Textiles) and two without (Defence, Automotive) to allow examination of the role of social dialogue. Interviews were arranged with representatives of employers or business and workers’ organisations of each sector and two with BUSINESSEUROPE and ETUC. The interviews were largely conducted over the phone and a small number on a face-to-face basis.

### Table 13: EU level organisations and trade unions

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<td>EFFAT Agrofood</td>
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<tr>
<td>Steel</td>
<td>EUROFER</td>
<td>IndustriALL</td>
</tr>
<tr>
<td>Textiles</td>
<td>Euratex</td>
<td>IndustriALL</td>
</tr>
<tr>
<td>Cross-sector</td>
<td>BUSINESSEUROPE</td>
<td>ETUC</td>
</tr>
</tbody>
</table>

### European sector examples of social partner involvement

Strategic policies are policies that aim to identify new areas of production in which to focus investment and innovation efforts to upgrade a country or an economic area’s industrial and productive structure with a view to either building up on the existing or affirming a new comparative advantage (Warwick, 2012).

As noted above, the current industrial policy strategy implemented at the EU level combines a horizontal, systemic approach to industrial policy with an array of more selective and targeted interventions focusing on specific areas of production and technological innovation, and on specific productive sectors. Table 14 summarises the specific industrial policy instruments in place for the six productive sectors that were surveyed as part of this study.

### Table 14: Industrial policy instruments in place, by sector (EU level)

<table>
<thead>
<tr>
<th></th>
<th>Agro-Food</th>
<th>Steel</th>
<th>Textiles</th>
<th>Chemicals</th>
<th>Automotive</th>
<th>Defence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public investment programmes</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>X (especially in relation to building renovation and public investment in infrastructure)</td>
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<tr>
<td><strong>Innovation programmes</strong></td>
<td>X (European Technology Platform – Food for Life, EIP-AGRI – agricultural)</td>
<td>X (ESTEP, European Steel Technology Platform; European Innovation)</td>
<td>X (EUR 250 million project funding for R&amp;D and innovation)</td>
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<tr>
<td></td>
<td>Agro-Food</td>
<td>Steel</td>
<td>Textiles</td>
<td>Chemicals</td>
<td>Automotive</td>
<td>Defence</td>
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<tr>
<td></td>
<td>European</td>
<td>Partnership on Raw Materials</td>
<td>innovation programmes accessed under the 7th Framework Programme; role of European Technology Platforms in leading innovation in Textile sector</td>
<td></td>
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<tr>
<td>Support for R&amp;D</td>
<td>X (Horizon 2020, 7th Framework Programme, EU Innovation Partnership)</td>
<td></td>
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<tr>
<td>Cluster promotion</td>
<td>X (Initiatives on SMEs internationalisation with DG Enterprise, measures on promotion of Agro-Food products in context of CAP)</td>
<td></td>
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<tr>
<td>Export promotion</td>
<td>X (ongoing work with Commission and DG Enterprise on regulatory issues surrounding market access)</td>
<td></td>
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<tr>
<td>Improvement of access to finance</td>
<td>X</td>
<td>X (EIB loans available for producers in Automotive sector, EU-level framework)</td>
<td>X (EIB)</td>
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</tbody>
</table>

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63
<table>
<thead>
<tr>
<th>Public procurement policies</th>
<th>X</th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Tax and duty policies</td>
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<tr>
<td>Adapting the skill base</td>
<td>X (November 2013 Report on skills and employment needs in the sector)</td>
<td>X (European Sectoral Skills Council for the TLC)</td>
<td>X</td>
<td>X (indirectly through EFS)</td>
<td></td>
</tr>
<tr>
<td>Subsidies for restructuring / bailout of companies in crisis</td>
<td>X (Issue addressed through recommendations in the Steel Action Plan)</td>
<td></td>
<td></td>
<td>X</td>
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</tr>
<tr>
<td>Social plans in case of restructuring</td>
<td>(not specifically, but connected to project on training and skills in the sector)</td>
<td></td>
<td></td>
<td>X through the use of European Structural Funds)</td>
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<tr>
<td>Investment incentives</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X (through 7th Framework Programme, areas of relevance: Transport</td>
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<tr>
<td></td>
<td>Agro-Food</td>
<td>Steel</td>
<td>Textiles</td>
<td>Chemicals</td>
<td>Automotive</td>
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<tr>
<td>Energy supply security</td>
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<tr>
<td>Price of energy</td>
<td></td>
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<tr>
<td>Access to and price of raw material</td>
<td>X (Recommendations on securing access to raw materials by implementing the EU market access strategy included as a recommendation in the Steel Action Plan)</td>
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<td></td>
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<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X The vast majority of initiatives and instruments discussed through Cars21 pertain to the regulatory framework for the Automotive sector rather than to specific</td>
</tr>
<tr>
<td>Agro-Food</td>
<td>Steel</td>
<td>Textiles</td>
<td>Chemicals</td>
<td>Automotive</td>
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<td></td>
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<td>initiatives.</td>
<td>introducing greater transparency and cutting unnecessary red tape.</td>
</tr>
</tbody>
</table>

EF/14/07/EN