

# **EUROPEAN INDUSTRIAL POLICY. PRIORITIZE WITHOUT FORGETTING WHERE WE ARE**

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The industrial policy debate is on. Breaking with the tradition of recent times, Europe has set a series of priority areas, on which it will foreseeably focus its main support instruments (See the document "A Stronger European Industry for Growth and Economic Recovery" [here](#)). Without waiting [Bruegel](#), one of the most prestigious European think tanks in the economic field, has already clearly positioned itself and argued against this policy of "picking winners", clearly stating in favor of a proactive industrial policy, but not dirigiste (See "Manufacturing Europe's

future" [here](#))

From my point of view, the priorities set from Europe have the potential to unite political priorities around environmental sustainability with potential business opportunities. Thus, for example, if European legislation is already imposing and will impose increasingly demanding environmental regulations on industrial production systems in the coming years, it seems logical that this should be actively taken into account to facilitate the development of a European market for technologies that may be potentially implicated by the new regulatory frameworks. This is the case, for example, of priority 1 "advanced manufacturing for clean production", priority 3 "markets for products based on non-petroleum chemistry" and priority 4 "construction and raw materials for a sustainable industrial policy".

There are also compelling reasons for Europe to establish a priority in what has been dubbed "Key Enabling Technologies" (micro and nanoelectronics, advanced materials, industrial biotechnology, photonics, nanotechnology and advanced manufacturing systems). Firstly, because it is becoming more and more evident that its implementation could entail a radical transformation of the manufacturing industry as a whole as we know it today, allowing new forms of production that are intensive in capital and knowledge. But above all, due to the more than evident deficiency of the market system to allocate sufficient public and private resources to research and innovation in these still very emerging fields due to the high economic and technological risk that they imply.

Europe also establishes clean vehicles as a priority, but with this it only adds, as it could not be otherwise, to the market commitment already established by the main European and world vehicle manufacturers that are already fully invested in initiatives in this area (more efficient engines, hybrid, plug-in hybrid and electric vehicles). Finally, and closely related to all of the above, intelligent electrical networks ("smart grids") are a technological necessity and an opportunity that arises from the foreseeable penetration of electric vehicles and from the energy policy itself that advocates a single European market for energy and by a growing role of renewable energies (20% in 2020) that demand greater benefits from the network to guarantee an adequate supply.

Therefore, the priorities selected from Europe form, in my opinion, a coherent and well-selected set, but the great risk is that they lead us to confuse these lines with industrial policy as a whole, which has and should go much further to be really effective. Employment and the strength of the industry in Europe are impossible to recover solely on the basis of the potential contribution of these priority segments which, in the best of cases, will only cover a very small part of the GDP of the European industry in the next decade; Europe has set itself the goal that industry be 20% of GDP in 2020. The approximation has to be much more comprehensive and take into account the potential for improvement and development of all industrial subsectors based on innovation.

The confusion would be especially serious, if the European prescriptions spread downstream in the industrial policies of the countries and regions of the Union, all betting on the same "boutiques" to capture the rewards of the Horizon 2020 Program and other instruments that provide funds in Europe, leaving without the necessary attention the bulk of the industrial activity to which we attach, just as unintentionally, the stigma of "losers".

For this reason, the challenge of intelligent regional specialization proclaimed from Europe and with a more than evident relationship with industrial policy, will have to be very well explained and implemented, because we can end up as on other occasions, forgetting about the real economy and building castles in the air.

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