

President José Manuel Barroso - European Commission

European Forum for Manufacturing/Brussels

28 November 2012

Thank you Malcolm for your kind reception and also for everything you have been doing in the European Parliament for the cause of the European economy. For industrial policy, for the internal market, you have been always in the avant garde of our efforts for a stronger European economy. And I'm extremely grateful to you and all members of the European Parliament devoted to these very important tasks.

Honourable members,

Ladies and gentlemen,

It is indeed a great pleasure for me to be here today and I would like to thank you for having invited me to address this very distinguished audience, the European Forum for Manufacturing on a theme - manufacturing - which lies at the heart of the European agenda and is a vital element in our drive towards sustainable growth and jobs creation in the European Union.

I would also like to thank the Council of European Employers of the metal Engineering and Technology based industries (CEEMET) and ORGALIME, the European Engineering Industries Association for their thought provoking policy manifesto on "manufacturing a stronger and greener Europe".

Taken together these organisations represent over 330 000 companies, many of whom are SMEs at the heart of European industry. These firms not only illustrate a noble part of our economic history, they are also an essential part of our future.

They have proven their resilience and shown that it is possible to be successful and generate growth and jobs, even in the current difficult times: while manufacturing as a whole has lost 3 million jobs since the start of the crisis, your sector has maintained employment at around 13 million jobs, which is indeed a considerable achievement.

And to sum up in one sentence what this amounts to, I would say that **"Europe needs manufacturing and Manufacturing needs Europe"**. But let me briefly explain what I mean by this.

Industry is at the very heart of Europe's economy. It accounts for four fifths of the European Union's exports and 80% of private sector research and development comes from manufacturing. In a time of uncertainty it provides up to 74 million high value jobs when taking into account related services.

Europe is a world-leader in many strategic sectors from aerospace to green energy, with strong assets such as the flexibility of our SME base, the largest single market in the world, and a qualified, relatively flexible labour force. Let us not forget that Europe also leads in the number of graduates in natural science and engineering, respectively accounting for 18% and 17% of the world's total.

Industry can also generate the high productivity needed to restart sustainable growth: since the worst of the crisis in 2009, industrial productivity has risen by an impressive 35%.

Moreover, only industry can improve the energy and resource efficiency needed to deliver sustainable growth in the current context of global resource scarcity and high energy prices.

So now more than ever, Europe needs its real economy to underpin growth and jobs.

It is certain that Europe needs manufacturing but it is equally true that manufacturing needs Europe.

Let us take the example of a young European with an inquiring and inventive mind: one day he or she comes up with an idea that will help mitigate climate change.

How does he or she get from the idea to a product ready to be sold and delivered to its clients?

For the idea to be made real, it requires further research, a prototype and then production processes: how is this financed? How to recruit the researchers and the skilled workers? How to have access to the necessary raw materials as well as to the energy for production and where is the best location to produce? Can the product be sold across Europe and then further afield?

Can it be sold through e-commerce and when sold, are the transport links in place to efficiently deliver the product to its clients?

These are just a few of the many questions which I guess are familiar to you in the different sectors of activity that you represent and I believe the European dimension plays a key role in almost all of them.

We are focussing on facilitating investment and supporting innovation, in particular through our programme called Horizon 2020, our European framework for research and innovation.

The Commission has proposed 80 billion euro for this programme and it is strongly pleading for such investments not to be cut in the current difficult debate on the future financial framework of the European Union.

As I said before, each billion cut from the Horizon 2020 programme would mean 4000 SMEs, potentially including some of your members represented here, deprived of financing for innovation and 600 top researchers and their teams no longer able to carry out their work.

Through its communication on "A stronger industrial policy for growth and recovery" adopted in October, the Commission also proposes concrete measures to create an environment supportive of industry.

Investment is key for competitiveness and the priority action lines foreseen in the communication should be of interest to you: I am referring in particular to advanced manufacturing technologies for clean production, to key enabling technologies, to construction and raw materials.

It is proposed in this field that a significant share of the Structural and Cohesion funds will support the shift towards a lower carbon economy.

We are also looking to ensure that European Union firms have the skills that they need, by promoting active employment policies and the creation of a genuine European labour market. Only last week the Commission adopted a new communication called "Rethinking education: Investing in skills for better socio-economic outcomes". This promotes a further improvement in the skill levels and the flexibility of our workforce.

We are acutely aware of the difficulties that your companies, especially SMEs, face in accessing finance. To assist, the Commission has proposed creating a true single market for venture capital funds and targeted use of cohesions funds to support SMEs in some countries, those that have special difficulties in terms of access to finance.

Increasing the working capital of the European Investment Bank, as I already proposed in my State of the Union address in the European Parliament last year and as was agreed by the European Council last June, will generate an estimated extra lending capacity of 60 billion Euro.

Access to markets is also key for the industry and we are creating a deeper internal market through the Single Market Act I and the Single Market Act II. Beyond, to improve access to markets around the world, the Commission is making full use of market access tools and of multilateral and bilateral negotiations, with free trade agreements being negotiated with major partners. I can tell you that a big part of my job is this kind of discussion at summit level with some of our biggest partners to try to get more access for our companies, to ask them to open further their markets to our industries, to our services.

Concrete steps are also being taken with the Cars 2020 action plan, putting forward measures for an invigorated sustainable automotive industry in Europe.

In the steel industry, a dialogue with all stakeholders has also started under the conduct of Vice-President Antonio Tajani and we will carefully look at the recommendations made.

Most of these issues and others, such as smart regulation, are mentioned in the Manifesto which you have presented. They are close to the Commission's thinking and, for example we have already taken further steps to reduce the administrative burden on SMEs.

We want to create an alliance between public authorities and industry to deliver growth and jobs.

Industry's active role and engagement is crucial if we are to deliver the objectives of smart, sustainable and inclusive growth of our Europe 2020 agenda. And industry must seize the opportunity to play its part in carrying out the necessary investments to give us that competitive lead.

Ladies and Gentlemen,

European manufacturing is an essential sector for our future prosperity but indeed it faces many challenges. Let me assure you that you can count on my personal commitment to make sure that creating the right conditions for industry remains at the core of the European agenda.

And let me confirm that the European Commission will help the sector meet these challenges.

To succeed, we must all work together and I think this event is an important part of this process. I look forward to seeing the results of your work today and to working closely together with you in the future.

And I thank you for your attention.