8th commission meeting, 24 June 2021

WORKING DOCUMENT

Commission for Economic Policy

Updating the 2020 Industrial Strategy: towards a stronger Single Market for Europe's recovery

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Reference document:


I. Introduction

In March 2020 the European Commission submitted a Communication on A New Industrial Strategy for Europe, to deliver on three key priorities:

- maintaining European industry’s global competitiveness and a level playing field;
- making Europe climate-neutral by 2050; and
- shaping Europe’s digital future.

This strategy was published the day before the WHO declared COVID-19 a pandemic. It could not, therefore, deal with the disruptions due to the pandemic.

In October 2020, the CoR adopted an opinion which:

- welcomes this Industrial Strategy for Europe and its focus on industrial ecosystems;
- stresses that these ecosystems are often regional and often linked to other regional ecosystems;
- underlines that the new EU Industrial Strategy needs to reinforce the place-based dimension;
- underlines the need for a clear monitoring and evaluation system as recommended in the Smart Specialisation Strategies;
- asks the Commission to enrich the strategy with measures to help cope with the current COVID-19-induced crisis and to prepare for new pandemics in the future, to ensure the resilience of Europe's society and economy;
- underlines the importance of the involvement of regional governments and regional clusters or networks in alliances.

On 5 May 2021, the European Commission adopted a Communication on Updating the 2020 Industrial Strategy: Building a stronger Single Market for Europe’s recovery, which aims to respond to the lessons learned from the Coronavirus outbreak and help drive the transformation towards a more sustainable, digital, resilient and globally competitive economy. It reaffirms the priorities of the 2020 Industrial Strategy and focuses on the following key areas:

- measures to strengthen the resilience of the Single Market, especially in times of crisis;
- dependencies in key strategic areas - presenting a toolbox to address them;
- new measures to accelerate the green and digital transitions;
- identifying and monitoring the main indicators of the competitiveness of the EU economy as a whole: single market integration, productivity growth, international competitiveness, public and private investment and R&D investment.
II. Assessment from a regional and local perspective

With this opinion I would like to address the following points:

- the update of the industrial strategy focuses on industrial ecosystems, but does not mention that these ecosystems are often regional and linked to other regional ecosystems through supply chains or knowledge exchange networks. The Industrial Strategy therefore needs to reinforce the **place-based dimension in order for regions and cities**, as governments closest to citizens and ecosystems, to take ownership of their industry in the twin green and digital transitions and help Europe gain strategic autonomy;
- the COVID-19 pandemic has shown how dependent the EU is on other continents in relation to world trade and scarcity of goods. Extra attention to strategic autonomy would be welcomed, but, as stipulated in the Spain-Netherlands non-paper, strategic autonomy does not imply isolationism or economic protectionism, but greater resilience and interdependence through rational and tailor-made actions related to asymmetric dependencies. The Commission's intention to further **analyse the EU’s strategic dependencies and capacities** with an in-depth review for a number of technological and industrial strategic areas and to identify measures to reinforce the EU position in global value chains is positive;
- the **pursuit of a well-functioning Single Market** and continuous efforts to address restrictions and barriers, notably through the Single Market Enforcement Task Force (SMET), are the central "pathway" to strategic autonomy. This includes helping business with pragmatic solutions for trading across borders, such as new business models to speed up the twin transitions, and therefore the importance of SOLVIT, along with easier access to finance and mindful state-aid rules on national and regional level with IPCEI as a great vehicle,
  - the Single market should also diversify in partners, products and services, so that the EU will be able to provide for itself the services and products its inhabitants cannot live without. This will also increase its resilience;
- SMEs play a crucial role in the innovation ecosystems and should be **supported** with regard to their investment needs through Invest EU financial products and with regard to solvency risks. This concerns local and cross border partners;
- regions and cities continue their support for **industrial alliances** in strategic areas, which should include start-ups and SMEs and the proposed launch of new industrial alliances in the fields of space launchers, zero emission planes, cloud technology, and processors and semiconductors. Points for attention are the way in which the governance of an alliance is arranged and the need for commitment from all stakeholders, especially national governments, to make the alliances work;
- the transition to a circular economy is crucial for a sustainable and competitive industry. Not only is circularity essential to reach climate goals, it also helps industry to compete globally and could be an important element of strategic autonomy;
- regional disparities, e.g. in areas such as the infrastructure and skills that will be critical for ensuring that all regions can benefit from industrial transformation.
III. Questions for input and discussion

General
- Has the Commission set the right priorities? What should be emphasised more? What is missing, also in relation to LRAs?

Single Market Resilience
- What should the announced legislative proposal on a Single Market Emergency Instrument look like to ensure the smooth functioning of the Single Market even in times of crisis?
- How can the balance between an open and fair single market and strategic autonomy best be preserved, also in relation to regional and national state aid?
- What is needed to ensure fair competition globally and within the EU internal market as regards tools for the single market? How can LRAs become partners of the Commission and contribute to Single Market governance and enforcement?

Dependencies in key strategic areas
- The communication identifies dependencies in key strategic areas and presents a toolbox to address them. Are these the right tools? What can LRAs do to ensure more resilience in global value chains?

Accelerating the green and digital transitions
- Are the proposed new measures to accelerate the green and digital transitions sufficient?
- To what extent does circularity still play a role in the industrial transition?
- What should the transition pathways, as described by the European Commission, look like?

Identifying and monitoring the main indicators for the competitiveness of the EU economy as a whole
- What should be the main indicators for the competitiveness of the EU economy as a whole?
- Is the relevance of SMEs in the updated industrial strategy sufficiently reflected?
### PROCEDURE

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<td><strong>Reference(s)</strong></td>
<td>Communication from the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery COM(2021) 350 final</td>
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<tr>
<td><strong>Legal basis</strong></td>
<td>Article 307(4) TFEU</td>
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<td>Rule 41(b)(i) of the RoP</td>
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<td><strong>Analysis</strong></td>
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