



A LONG-TERM STRATEGY FOR EUROPE'S INDUSTRIAL FUTURE

FROM WORDS
TO ACTION



INDUSTRY4EUROPE™





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European industry is everywhere in our daily life: from the houses we build, the furniture we buy, the clothes we wear, the food we eat, the healthcare we receive, the energy and means of transport we use to the objects and products ever-present in our lives.

With its skilled workforce and its global reputation for quality and sustainability, our industry is vital for Europe and its prosperity. Today, 52 million people and their families throughout Europe benefit directly and indirectly from employment in industrial sectors. Our supply chains, made up of hundreds of thousands of innovative SMEs and larger suppliers, are exporting European industrial excellence all over the world.

Following the 2008 financial crisis, millions of manufacturing jobs were lost in Europe, each time bringing dramatic human and social consequences. Europe is still below employment levels seen before the crisis¹ and jobs remain vulnerable to worrying international trends, including increasing protectionism.

The European Union now needs an ambitious industrial strategy to help compete with other global regions – such as China, India and the USA – that have already put industry at the very top of their political agenda.

Therefore, the Industry4Europe coalition has heartfully welcomed the Conclusions² of the European Council of March 2019 in which the Heads of State and Government have invited the European Commission to “present, by the end of 2019, a long-term vision for the EU’s industrial future, with concrete measures to implement it”, addressing “the challenges European industry faces and touching upon all relevant policy areas”.

In July 2019, Commission President Ursula von der Leyen stated in her *Political Guidelines*³ of the next *European Commission 2019-2024*: “I will put forward my plan for a future-ready economy, our new industrial strategy”. More recently, she confirmed the preparation by the Commission of a “comprehensive long-term strategy for Europe’s industrial future” that shall “cover all aspects that affect industry and its competitiveness, from investment and public procurement to trade, skills, innovation and

1 *The future of the manufacturing in Europe, Report by Eurofound (April 2019)*

<https://www.eurofound.europa.eu/sites/default/files/fomeef18002en1.pdf>

2 European Council meeting (21 and 22 March 2019) – Conclusions

<https://www.consilium.europa.eu/media/38789/22-euco-final-conclusions-en.pdf>

3 *A Union that strives for more: My agenda for Europe, Political Guidelines of the next European Commission 2019-2024 (July 2019)*

https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

supporting small and medium-sized businesses (SMEs)”⁴.

This Joint Paper is the outcome of months of discussions and consensus-building between a wide range of industrial sectors, all willing to contribute to the preparation of this much-awaited “comprehensive long-term strategy for Europe’s industrial future”.

At a key time where the EU is discussing the next Multiannual Financial Framework, we are ready, more than ever, to step up our cooperation with the European institutions to discuss and implement an ambitious EU industrial strategy that will help Europe remain a hub for a leading, smart, innovative and sustainable industry, that provides quality jobs and benefits all Europeans and future generations.

⁴ Mission letter by President-elect Ursula von der Leyen to Commissioner-designate for Internal Market Thierry Breton (7 November 2019)

https://ec.europa.eu/commission/files/president-elect-von-der-leyens-mission-letter-thierry-breton_en

Business-Friendly Policy environment

We, the undersigned Industry Associations remind that industry is the backbone of a sustainable economy providing goods and services we use in everyday life. A sustainable competitive industry is the foundation for smart, innovative growth in Europe providing jobs and welfare for EU citizens.

We are calling for an impactful EU industrial strategy which aims at creating dedicated support for entrepreneurship including start-ups and SMEs and ensuring the benefits of a sustainable economy can be spread to all.

We highlight that the EU industry requires a global and EU competitive level playing field and a stable integrated, predictable, coherent and proportional legislation to attract investment and provide business with legal certainty.

We are convinced a medium to long-term industrial strategy is vital for ensuring policies on sustainable access to resources and energy at a competitive price. Specifically, balanced climate, energy and raw materials policies, informed by European industrial needs and objectives, are essential for competitiveness, sustainable growth and employment, supporting innovation and investment by industries. A strong vision of how this can be achieved is essential to foster new European support for jobs.

When it comes to a business-friendly policy environment, a long-term EU industrial strategy should have the following elements as cornerstones:

- **Above all, a political commitment to foster a strong industrial base in Europe, including:**
A Vice-President in charge of industry and other relevant portfolios reporting annually to European Council and European Parliament, a governance structure⁵ in place ensuring permanent informed decision making and smart indicators⁶ monitoring the effectiveness of policy measures.

⁵ Industry4Europe Joint Paper on *A Governance Structure for an ambitious EU industrial strategy* (July 2018)

<https://www.industry4europe.eu/assets/Uploads/Publications/Industry4Europe-Joint-Paper-on-Governance-July-2018.pdf>

⁶ Industry4Europe Joint Paper on *Setting indicators for an ambitious EU industrial strategy* (March 2018)

<https://www.industry4europe.eu/assets/Uploads/Publications/Industry4Europe-Joint-Paper-on-Indicators-April-2018.pdf>

- **Stable, predictable and coherent legislation**

The EU Institutions need to ensure that policies in different portfolios are coherent and in line with overarching EU objectives, but also strive for coherence between EU and national implementation of industrial policies. A balance between political emergency and ‘time-to-consider’ stakeholders’ views should also be maintained.

- **Better regulation**

It is crucial to pursue the better regulation agenda to reduce red tape and improve effectiveness and transparency, as well as to ensure the implementation of existing legislation, which will provide business certainty and attract EU and foreign investment. New legislation should only be created where necessary and legislators should undertake objective and evidence-based ex-ante and ex-post policy impact assessments. That is why we welcome Commission President von der Leyen’s “one in, one out” principle commitment in her working methods. To increase transparency, these impact assessments should be made public. Furthermore, it is needed to reinforce the link between better regulation and harmonised standards. SMEs and start-ups should also be considered when designing EU and national policies.

- **Accompanying the digital transformations of industry**

An agile governance culture is needed to facilitate and support Research & Innovation ecosystems for IT, academia and the industry, and allow to develop market-driven Research & Innovation programmes. Also needed is an appropriate regulatory framework to ensure better data quality and data management, address challenges around intellectual property rights and cybersecurity, establish who is responsible – and liable – for data ownership, and avoid abuse by monopolies, thus, ensuring a level playing field.

Sustainability

Growing public and political urgency around sustainability has resulted in wide-ranging and ambitious global policy measures. The need for an inclusive approach is globally recognised, bridging economic, social and environmental aspects for mutual long-term benefit.

The challenges have started to be addressed by a number of policies, including the UN Sustainable Development Goals, the Framework Convention on Climate Change (including the Paris Agreement), the European Commission's *A Clean Planet for All* Communication⁷ and the proposed European Green Deal, championed by European Commission President Ursula von der Leyen.

Europe should now translate these into a strategy and set of implementable actions. For sustainability to be a cornerstone of policy and action, Europe should bring together a plurality of tools to enable contribution by all citizens whilst improving quality of life and competitiveness of the EU economy.

This chapter focuses on industrial contribution to a sustainable, low-carbon economy and supports the core messages from across chapters within this publication, with decision-making and actions remaining science-based and responsive to changed knowledge, risks and opportunities.

- **Sustainability as a competitive opportunity for Europe**

Sustainability is a vital component of any successful competitiveness strategy. Europe should emphasise economic drivers, strengthening its global position as an innovator, based upon the circular economy model and creating the next generation of commercial opportunities driven through demand for sustainable solutions.

A solid growth of market demand for sustainable solutions requires consistency between sustainability-oriented policy goals. Industrial strategy regarding sustainability must translate science into business opportunities in global markets through facilitated strategic investment and incentivised participation.

Skills development is also a critical aspect of delivering sustainable practice as a commercial opportunity. Europe must target skills development that builds between scientific and commercial pathways for sustainable practice.

⁷ European Commission Communication *A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy* (28 November 2018), COM(2018) 773
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0773&from=EN>

- **Circular economy – recognising value**

Europe needs to build formal recognition of circular economy and environmental sustainability contributions from all players within value chains. Policies and regulatory frameworks should allow the identification, incentivisation and reward of actions that abide by principles of circular economy and reduce regulatory barriers to the following:

- Products that are easily reused, repurposed, repaired or recycled and
- Industrial processes that minimise use of non-sustainable raw materials, energy consumption and waste disposal through the entire value chain and product lifecycle.

- **Transition to low carbon economy – incentivising value, communication and action for all stakeholders**

Recognition and incentives to create low-carbon products, solutions and processes will accelerate a transition to low carbon economy. This reflects multiple focal points, examples including:

- Increase access to, and ability to contribute towards, sustainable energy within emerging de-centralised structures;
- Increase demand for sustainable products through incentives at point of purchase and supporting changed consumer behaviours – engendering societal recognition of sustainable practice;
- Public authority action to create the conditions for consumers to effectively use sustainable goods and products;
- Greater use of mechanisms such as public procurement, addressing factors beyond lowest cost to reflect the value of the circular economy as a whole.

- **Global level playing field – safeguarding competitiveness**

As Europe aligns sustainable action with a competitive industry this should be enabled through a level playing field across diverse global economies, in view of higher costs incurred for those companies sourcing and producing in more sustainable manner.

Actions should deliver equivalence or alignment of sustainability (including regulatory and standards frameworks) plus partnership strategies that target key technical barriers in the reduction of sustainable product costs.

This global approach to sustainability within industrial activities allows the EU to work in partnership with critical global actors for enhanced sustainable practice.

- **Fit for purpose policy cycles and implementation**

Policy development and implementation are delivered through relatively short electoral cycles. The EU needs to create a sustainability legacy that spans legislative periods for industrial sustainability to progress, delivering certainty and thus confidence for investment over long investment cycles.

Policies such as the EU long-term strategy *A Clean Planet for All*⁸ need strong engagement across all stakeholders to ensure that actions are appropriate for Europe and can make use of the above recommendations in order to ensure competitive advances and ‘whole society’ engagement.

- **Governance of sustainability and low carbon delivery in Europe**

Legislation should be assessed based on its impact on competitiveness within sustainability goals. Europe should strive for consistency, coherence and compatibility of action between legislative bodies, policy and instruments through which sustainability action is delivered. This entails communication, alignment and cooperation around sustainability between all stakeholders.

Legislative and policy targets for sustainability should reflect the complexity of implementation and go hand in hand with the need for confidence and investment.

- **Generation and use of sustainable energy sources**

As an integral part of supporting the EU’s transition to a low-carbon economy, investment in EU energy infrastructure is a priority, enabling all stakeholders to both gain access to, and contribute towards, sustainable energy. This is supported by the European Commission’s Reflection Paper *Towards a Sustainable Europe by 2030* as it highlights the importance of such investments and proposes to develop them through the Connecting Europe Facility⁹.

An EU industrial strategy for energy infrastructure should recognise the different starting points and local resources across Europe and strive for improved and integrated energy infrastructure as a common EU-wide target.

8 European Commission Communication *A Clean Planet for all - A European strategic long-term vision for a prosperous, modern, competitive and climate neutral economy* (28 November 2018), COM(2018) 773

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52018DC0773&from=EN>

9 European Commission Reflection Paper *Towards a sustainable Europe by 2030* (30 January 2019), COM(2019) 22

https://ec.europa.eu/commission/sites/beta-political/files/rp_sustainable_europe_30-01_en_web.pdf

Skills & training

To address future challenges and maintain its world competitiveness, the European industry needs a reliable pool of well-skilled workers to manufacture the goods to the high-quality that global consumers expect. To transition to a low-carbon economy, we need a workforce that is equipped with the know-how to develop, implement, and use breakthrough technologies and shape transformative industrial processes.

Ultimately, we cannot deliver the innovations of the future without the workers of tomorrow. We must commit today to a concerted campaign of skills development across the entire chain of education, from the manual workers up to the highly-qualified specialists. A commitment which is all the more impactful for SMEs, with 25% of EU SMEs stating that availability of skilled labour is for them the most pressing problem¹⁰.

According to the OECD Centre for Skills¹¹, the changes that society is undergoing are markedly transforming the skill requirements of the economy. With 46% of jobs facing a high likelihood of automation or substantial change¹², adapting to these new trends in skill development is a crucial pre-condition for enabling European industrial growth in the medium to long-term.

Industry and policymakers alike must therefore take a new approach to the skills question; an approach that focuses on lifelong learning, linking educational choices with labour market needs, and developing comprehensive skills programmes that make meaningful impact across the course of one's life. Skills development must be addressed when implementing the New Skills Agenda for Europe and must be an integral part of any long-term strategy for Europe's industrial future.

- **Skills challenges faced by industry**

In this context, European industry currently faces a number of broad and urgent priorities with respect to accessing a skilled workforce from within Europe. These include:

- Increasing the uptake of science, technology, engineering, and mathematics (STEM) subjects in education and training programmes across all education levels;

¹⁰ *Survey on the Access to Finance of Enterprises in the euro area* (European Central Bank, May 2019)

<https://www.ecb.europa.eu/stats/accesstofinancesofenterprises/pdf/ecb.safe201905~082335a4d1.en.pdf>

¹¹ Montserrat, Gomendio, *A Coordinated Approach to Skills Issues: The OECD Centre For Skills, Skills Summit 2018, Porto*

¹² OECD (2018) *Putting Faces to the jobs at risk of automation*. OECD – Future of Work



- Facilitating the constant adaptation of the workforce to changing business models, working conditions, and new trends, such as Industry 4.0. This requires a wholehearted commitment from all actors to deliver meaningful and fit-for-purpose lifelong learning programmes.
- Increasing the adaptation speed of education, training, and re-skilling programmes, in particular vocational education, to keep pace with the changing skills needs of a competitive and ever-changing global economy, in particular with regard to technological changes. This is especially important in relation to critical skill-sets such as those required in the fields of automation, robotics, cyber-security, and software and hardware integration.
- Promoting digital skills across all aspect of general and vocational education, as well as in all stages of professional development and training;
- Providing educators with the necessary resources to equip and train the workforce of today with the skills of tomorrow. The education system is the foundational pillar of a well-skilled and competitive industrial base and future funding, at all levels, should reflect the significant role that it plays;
- Fostering co-operation between public and private actors in educational centres to improve the match between the skills needs of local industry and the outputs of education and training;
- Creating and supporting joint training programmes, such as apprenticeships, between universities and research institutions, vocational education and training (VET) and industry;
- Expanding harmonised terminology where names of trainings and demanded competences are the same throughout the European Union.
- **Recommendations to address skills challenges**
In order to address the priorities outlined above, and in order to secure industry's position as an attractive sector of skilled employment, national and EU-level policymakers must develop an ambitious programme, which should specifically include actions to:

(Recommendations for the European Commission)

- Widen the current programme of Blueprints for Sectoral Cooperation on Skills to all interested sectors currently experiencing, or forecast to experience, skills shortages and continue to support EU-wide and national-level implementation of on-going Blueprint initiatives;

- Support Erasmus + and the European Social Fund to develop more workplace-centred skills initiatives;
- Undertake wide-reaching skills audits across the breadth of the industrial economy and gather information on the on-going change of professional profiles and the demands for new skills in industrial sectors;
- Support more capacity building exercises such as the European Institute of Innovation & Technology (EIT), social dialogue, and Corporate Social Responsibility (CSR) projects;
- Support the sharing of best practices between Member States through bench-learning with regard to national skills policies;
- Continue to support the work of the European Centre for the Development of Vocational Training (CEDEFOP) and other lifelong careers guidance programmes, in co-operation with Member States and social partners;
- Continue the important work of the European Skills, Competences, Qualifications and Occupations (ESCO) project in identifying and classifying skills and qualifications relevant for the European labour market.

(Recommendations for the Member States)

- Develop impactful life-long learning programmes in co-operation with national industry and social partners. Up-skilling, programming, and coding skills will be in high demand in many industrial jobs of the future;
- Design skills policies to achieve better use of available resources through clustering and making use of synergies to improve learning outcomes, thereby contributing to labour productivity growth;
- Educate future professionals capable of systemic thinking and an entrepreneurial mind-set by meaningfully integrating technical, analytical, and soft-skills training into current curricula;
- Continue to support the work of CEDEFOP and other lifelong careers guidance programmes, in close co-operation with the European Commission and social partners as a way to raise awareness of industrial sectors as lead providers of high-quality jobs;
- Co-operate more with national industry stakeholders on questions of education, skills, and training.

Research and Innovation

‘Research and Innovation’ (R&I) is essential for Europe to build a successful, sustainable economy and should be at the heart of policies to boost jobs, growth and social inclusion – fostering a culture of innovation. R&I is a crucial pillar of a solid long-term European industrial strategy, to ensure the development of Europe-based smart, innovative and sustainable processes, services and products – as well as to maximise European industry’s competitiveness worldwide. Furthermore, R&I is an intangible asset embracing all industry sizes from large companies to SMEs along the value chain – particularly helping the latter leverage their potential and access strong R&I ecosystems.

The European industry’s competitive edge is strongly connected to its R&I developments and capacities. Facing a fierce competition from other global regions, Europe needs to exploit its strength through increased R&I efforts, in order to stay at the forefront of R&I and maintain its industrial leadership globally.

When it comes to R&I, a long-term EU industrial strategy should have the following elements as cornerstones:

- **R&I as a driver for industrial growth**

Enhanced support of research programmes to industrial R&I in all industrial sectors – while also maintaining the support to fundamental and applied research – should become an EU top priority to ensure the competitiveness of its industry. This is essential to foster economic growth, jobs creation, raw-material security and higher return of taxpayer investment in transnational research. As highlighted in the Communication *Investing in a smart, innovative and sustainable Industry: A renewed EU industrial policy strategy*¹³, R&I is an intangible asset for the European industry’s transformation.

- **R&I to support the EU sustainability objectives**

Industrial R&I will be fundamental to meet the ambitious EU 2030 targets for sustainable (economic, environmental and social) development and fulfil the long-term climate and energy

¹³ European Commission Communication *Investing in a smart, innovative and sustainable Industry: A renewed EU industrial policy strategy* (13 September 2017), COM(2017) 479

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52017DC0479&from=EN>

targets. Equally ambitious R&I support as well as regulatory and financial instruments will be needed to allow well-established and emerging European industrial players drive the transition towards a sustainable society – unleashing their full innovation potential and competing globally.

- **Integration of digital technologies**

All industries need to embrace the digital revolution. Technological developments, notably in the field of digitalisation, have been driving the economy and society towards major changes. For the European industry, the uptake of digital technologies represents both a challenge and a tremendous opportunity. While roles are being transformed and new business models have emerged, new concepts and technologies offer industry the capabilities to develop unprecedented ideas and innovations. In this regard, R&I plays a fundamental role in supporting the European industry's digital and technological efforts. Therefore, R&I must foster Europe's leadership in key digital technologies and their use across value chains and industrial platforms.

- **Ambitious scaled-up investments in R&I**

When it comes to investments in technological innovation, Europe is lagging behind several other global regions. This gap is important not only in terms of jobs and growth; it can also impact the EU's ability to shape standards globally and can increase Europe's dependency on third parties. Europe needs to decisively scale up its R&I investments to achieve its sustainability targets and to create an inclusive and cohesive society and so, remain competitive in a digital and innovative world.

- **A forward-looking R&I Framework Programme, with a significant budget increase and a strengthened collaborative research-model**

Considering the vast efforts the industry will make to contribute achieving the 2050 sustainability targets, policy makers need to be more ambitious and increase the proposed budget for Horizon Europe to at least €120 billion – as proposed by the European Parliament – of which at least the 60% should be allocated to Pillar II “Global challenges and European industrial competitiveness”. This would be the minimum required to ensure the continuation of Horizon 2020's success and to accommodate new initiatives. Furthermore, the collaborative research-model needs to be strengthened within Horizon Europe. Future partnerships – co-programmed, co-funded and institutionalised –, promoting excellence and cooperation across a variety of R&I players, will provide an efficient framework to tackle challenges affecting the EU's economy, industry and society. Therefore, the possibility to set up additional partnership instruments should be retained throughout the lifespan of the Framework Programme. Finally, a simplification of the procedures and rules in Horizon Europe will be crucial to cut administrative and costs burden to future applicants.

- **Synergies between innovation-related EU and national Programmes**

R&I is an encompassing matter which is addressed by a variety of European programmes – besides Horizon Europe. Mutual interaction between different EU innovation-related instruments should be fostered and coordination with national funding programmes should also be duly ensured. Interaction and coordination will be key to advance joint R&I programming and ensure a better use of EU resources. Horizon Europe, the Connecting Europe Facility (CEF), Digital Europe, the Innovation Fund, the Structural Funds and Euratom are examples of important instruments where synergies and complementarities should be ensured.

- **Strengthened connection between research infrastructure and industrial R&I**

The close connection of the scientific and research infrastructure with industrial R&I is a main success factor for the European industry and provides a strong incentive for companies to stay in Europe. Strengthening the close relationship between scientific and industrial research should be a focus to strengthen Europe's industrial base and, by this, growth and jobs in Europe. This connection would also foster the creation of multidisciplinary environments, whilst stimulating co-production and co-sharing of knowledge and innovation to the benefit of the entire innovation ecosystem, with no sectorial discrimination

- **Accelerated market uptake for innovation**

Europe has a strong academic base, with some of the best universities and research institutions in the world, complemented with in-house R&I in European companies. However, despite this global leadership in fundamental research, Europe is struggling to turn those research outputs into processes, services and products for the global market. Therefore, non-technological challenges should also be addressed to shorten the time-to-market, such as reducing legal uncertainty, increasing regulatory efficiency, reducing the time to develop or update standards and the systematic consideration of the Innovation Principle when developing new legislation.

- **An effective and predictable IP framework**

An effective and predictable intellectual property (IP) framework is key in incentivising investments in innovation, as well as enabling research, innovative ideas to reach the marketplace. IP protection in R&I programmes is essential for industrial stakeholders to safeguard their interests and meet their confidentiality constraints – especially vis-à-vis their competitors inside and outside of Europe. In Open Access policies, the distinction between access to data background, publications or results should be clearly defined. By ensuring a strong and stable IP framework – based on the principle “as open as possible, as closed as necessary”, with opting-out possibilities – Europe can promote an innovation-friendly environment and boost its competitive advantage.

Investment and Access to Finance

The approval and implementation of the new Multiannual Financial Framework (MFF) needs to align with the future industrial policy. Main policy efforts are focussed on the promotion of entrepreneurship and creation of Small and Medium Enterprises which are at the core of the economic growth and creation of qualified jobs, and these efforts should continue under the new European Commission. However, all the industrial sectors need support in facing several challenges such as climate change adaptation and mitigation, resource depletion, digitalisation and cybersecurity. Since industrial projects and the development of new breakthrough technologies are capital intensive and need important upfront investment, an ambitious EU industrial strategy needs to foresee the further development of financing instruments to leverage private capital and bridge the investment gap until the revenue stream can be established.

The next European Commission should promote a financial framework that helps companies to have direct access to public funding and private finance sources, and ensures that public money is spent offering tangible EU-added value. In addition, the development of an effective cooperation framework between Member States and the European Commission through the European Semester will help to optimise strategic investments (such as InvestEU, Connecting Europe Facility, Horizon Europe, Cohesion and Structural Funds) and better achieve common goals for different industrial sectors.

In order to achieve those goals, a long-term EU industrial strategy should have the following elements as cornerstones related to investment and access to finance:

- **Supporting investment in new technologies and sustainable solutions**

An efficient industrial policy must allocate funding to promote innovative and sustainable goods and services as well as supporting the transformation of industries. Investment priorities should be aligned with key political objectives and initiatives, such as digital economy, artificial intelligence, circular economy and the energy transition, and facilitate their implementation. The EU should pursue its efforts to integrate sustainability considerations into its financial policy framework. The industry stands fully committed to invest in its transition towards achieving the short- and long-term EU climate targets. However, additional support from the EU will be needed to ensure that these investments do not jeopardise its global competitiveness.

Investing in innovation will help European companies to respond to competition on the inter-

national stage in light of the immediate and future geopolitical developments to continue as global leaders in many sectors.

- **Leveraging private capital and bridging the investment gap**

Some of the best available and new technologies that will help the European industry to achieve its transition towards a low-carbon economy have significantly longer paybacks than the financial sector would lend for. Therefore, the European industry needs access to affordable finance for capital intensive projects and access to finance needs to remain open and not discriminatory.

The EU must further pursue its efforts to facilitate access to risk capital (e.g. the EFSI, InvestEU and first-of-a-kind financing instruments), reduce the merchant risk and the insurance risk, thus facilitating investments in industrial sectors.

The potential of Public Private Partnerships should be also further enhanced by incentivising PPPs that contribute to sustainable and digital transition objectives.

- **Strengthening the existing funding mechanisms**

The creation of new financing mechanisms, however, should not undermine the existing funding mechanisms, such as grants. A sound coordination between grants and other EIB finance instruments remains crucial for long-term investment planning for industrial projects and the deployment of new technologies, acknowledging that loans and guarantees cannot achieve the same objectives as grants. There should be a long-term vision in funding policies supporting the competitiveness of the industry.

- **Simplification of administrative procedures**

EU Funding and financing should be simplified by ensuring access to appropriate information and funding programmes. This could be done for example by establishing One-Stop-Shops in the Member States for all EU investment instruments. In light of the difficulties experienced in particular by SMEs to access to finance, cutting red tape and procedural simplification should therefore be at the top of the industrial strategy. In addition, information programmes, development of partnerships and exchange of good practices between public authorities from Member States can accelerate the simplification of administrative procedures.

- **Unleashing regional investment opportunities**

The added value of regional investment opportunities should be unleashed by creating an enabling framework for inter-regional investment platforms and financial schemes that take into account both technological and regional characteristics. These partnership tools will break down silos and promote the integration of topics while facilitating the identification of com-

mon objectives and funding priorities. In addition, coordination between authorities will ensure synergies for sectoral instruments and involve stakeholders. The role of Smart Specialisation Platforms should be further strengthened.

- **Achieving a level playing field globally**

While European companies are subjected to the highest safety, environmental and labour standards, competitors from several third countries are favoured by less stringent regulations and even public financial institutions (e.g. financial backing below market conditions to State-owned companies). Globally, a level playing field in access to finance needs to be established taking into account the developments in other world regions and the current challenges the European industry is facing. An EU industrial strategy should ensure adequate policy responses to put European companies on the same footing. Within the EU, investments co-funded by the EU instruments and programmes should be guided by strong criteria focusing on EU added-value and conditionality aimed at prioritising investments in the European economy. The EU should support exports of EU products and technologies by facilitating overseas financing through the EIB and Export Credit Agencies. The EU should also work with other OECD Members to ensure that the OECD export credit rules are well adapted to the needs of the EU's exporting industries. The EU must in parallel strive within the International Working Group on Export Credits (IWG) to conclude an ambitious and effective international discipline on export credits with non-OECD countries that could truly foster transparency and level playing field.

European single market

The European Single Market is one of the European Union (EU)'s greatest achievements, underpinning the competitiveness of European businesses and establishing the EU as a key global market and export partner to third countries. The Single Market has improved the everyday life of European businesses and citizens by stimulating investments and economic growth, boosting employment, and reducing costs and administrative/regulatory burdens.

However, the dynamics of integration have been slowing down while new challenges have arisen in the past years. Barriers remain or resurge, hampering the realisation of a fully integrated Single Market for products and services and increasing cumulative costs for the European industry. A lack of harmonised rules and/or standards in certain sectors or legal domains often leads to the implementation of different national rules, challenging a truly free movement of goods across the EU. Furthermore, when such harmonised rules exist, divergences between Member States' interpretation of EU law lead to significant challenges for businesses to compete on a level playing field. In too many cases, disruptive national requirements going further harmonised rules are also adopted in policy areas covered by EU regulations. Further determination would be welcomed to follow upon Member States' political commitments to the Single Market.

Against this background, we welcome the fact that the Single Market has repeatedly been recognised as a driver for the competitiveness of the European industry, in particular in the November 2018 Commission's Communication¹⁴ on this subject and in the Competitiveness Council Conclusions adopted in May 2019¹⁵. However, while acknowledging the significant untapped potential of the Single Market and calling for a "renewed commitment by Leaders to the Single Market in all its dimensions", this Communication falls short of proposing concrete actions to address identified shortcomings. In March 2019, the European Council called¹⁶ for the Single Market to be "further deepened and strengthened", to remove "remaining unjustified barriers" and to avoid creating new ones. In the new Strategic Agenda for 2019-2024¹⁷, the European Council calls for "a long-term strategy that is bold, all-encompassing,

14 European Commission Communication The Single Market in a changing world. A unique asset in need of renewed political commitment, (22 November 2018), COM(2018) 772

<https://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-772-F1-EN-MAIN-PART-1.PDF>

15 Competitiveness Council meeting (27 and 28 May 2019) – Conclusions

<https://www.consilium.europa.eu/media/39510/st09743-en19.pdf>

16 European Council meeting (21 and 22 March 2019) – Conclusions

<https://www.consilium.europa.eu/media/38789/22-euco-final-conclusions-en.pdf>

17 European Council: A New Strategic Agenda 2019-2024 (20 June 2019)

<https://www.consilium.europa.eu/media/39914/a-new-strategic-agenda-2019-2024.pdf>

and forward-looking”. This should also be welcomed. EU leaders have asked the incoming Commission to develop a long-term action plan for better implementation and enforcement of Single Market rules by March 2020, in close cooperation with the Member States. We support this initiative and believe that an impactful and comprehensive internal market strategy should have the following elements as cornerstones of an ambitious EU industrial strategy:

- **A complete Single Market**

For certain products, materials and many services, the Single Market is not yet a reality as national standards, regulations and other marks or labels stand in the way of the free circulation of goods and services. Instead of national requirements, relevant legislation should mainly be adopted at EU level, to allow for the internal market to become a reality for all products and services. For non-harmonised sectors, the fragmentation of the single market should be prevented, for instance through improved functioning of the mutual recognition principle. In this respect, we welcome the intention of the Commission to simplify and clarify the functioning of mutual recognition and compliance procedures, as provided for in the new regulation¹⁸.

- **Effective transposition and implementation of EU law**

EU law is not always interpreted and transposed in a harmonised way by Member States, therefore resulting in a fragmented Single Market. We welcome the initiative of the European Commission to promote dialogue and take necessary measures in the event of infringements¹⁹. This approach based on dialogue is a positive development and should be pursued, to ensure harmonised implementation at national level and, where needed, better enforcement of EU law before creating new rules. New EU laws should be consistent with the existing European regulatory and legal framework and should be based on science and evidence-based facts.

- **Stronger market surveillance**

Market surveillance is a prerogative of Member States, or even of regions, which creates different levels of surveillance across the EU – hence a distortion between products on the Single Market and those entering the market. In this respect, we welcome the recently adopted Compliance and Enforcement Regulation²⁰, which is a move in a right direction allowing cooperation across market surveillance authorities and between these authorities and the industry, exchange of experience and sharing of the test reports. Stronger and more effective market

18 Regulation (EU) 2019/515 of the European Parliament and of the Council of 19 March 2019 on the mutual recognition of goods lawfully marketed in another Member State and repealing Regulation (EC) No 764/2008
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019R0515>

19 There are currently above 1,500 infringement cases open across all Member States and a solution has been found for 500 cases per year since 2014. Source: European Commission

https://ec.europa.eu/commission/sites/beta-political/files/euco_sibiu_communication_en.pdf

20 Regulation (EU) 2019/1020 of the European Parliament and of the Council of 20 June 2019 on market surveillance and compliance of products and amending Directive 2004/42/EC and Regulations (EC) No 765/2008 and (EU) No 305/2011
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R1020>

surveillance for offline and online channels is crucial to ensure a level playing field in the Single Market and to guarantee safe products for the end users.

- **A level playing field in the EU Single Market**

A level playing field must be ensured for companies – European and not European – competing on the EU market. Clear and equal rules should be set for all operators and effectively enforced. Otherwise, the consequence is unfair competition in the European market, where domestic producers are at a competitive disadvantage. It is also important to step up customs in the EU Member States to ensure the level playing field with non-European companies. In this field, a key priority lies in the efficient implementation of the overall EU regulatory framework on product safety (e.g. chemicals legislation) when it comes to products entering the Single Market. We also fully support the European Council's call²¹ for the Commission to identify ways of addressing the distortive effects of foreign state ownership and state-aid financing in the Single Market before the end of 2019.

- **Harmonised standards**

The European standardisation system has played a vital role in ensuring the free movement of goods by removing technical barriers to trade and to build a Single Market. Unfortunately, the European Standardisation System did not fully deliver these benefits in the recent years, due to delays with the publication or the non-publication of references of harmonised standards in the Official Journal of the European Union. When developing standards, the European standardisation bodies should absolutely take into account their market relevance. The Joint Initiative on Standardisation, in which several members of the Industry4Europe coalition took part as well, was a chance to improve this situation. However, it has achieved little tangible results in this respect. Industry believes it is essential to improve and speed up the process for the publication of harmonised standards, and to eliminate the backlog of harmonised standards that are not yet published in the Official Journal of the European Union.

- **The key importance of Public Procurement**

Public procurement accounts for a significant share of the EU economy (around 14% of EU GDP²²) and is crucial for many industrial sectors. It can be an effective tool to drive offer and demand towards more sustainable or innovative products and solutions. Public procurement policy is therefore recognised as a key element of a stronger Single Market. The 2017 strategy²³ outlined a number of priority actions to be completed until the end of 2018, to

21 European Council meeting (21 and 22 March 2019) – Conclusions

<https://www.consilium.europa.eu/media/38789/22-euco-final-conclusions-en.pdf>

22 European Commission Communication Making Public Procurement work in and for Europe (3 October 2017), COM(2017) 572

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM%3A2017%3A572%3AFIN>

23 Ibid.

improve the functioning of public procurement practice in the EU. This approach should be promoted further and implemented properly. To ensure a long-term competitive and predictable supply, it is also essential to ensure a uniform application among Member States (e.g. European guidelines with procurement principles or other tailored-made measures) and enforcement of EU public procurement law to guarantee a level playing field between EU and non-EU market players and to identify how to fill in existing gaps in the EU public procurement framework to fully address the distortive effects of foreign state ownership and state financing in the internal market²⁴.

- **Ensuring compatibility between the EU Single Market and sustainability policies**

The industry plays a major role in developing solutions for sustainability (e.g. a circular and low-carbon economy). However, proper consideration should be given to the interactions between these policy objectives and the functioning of the Single Market, to avoid creating unnecessary obstacles. In this regard, particular attention should be paid to having a genuine Single Market for secondary materials and facilitating the movement of end-of-life products.

- **Digital tools as enabler to the Single Market**

The increasing digitisation of our economies has also affected the Single Market. The use of digital tools in a way that is compatible with consumer and business privacy enables a wider geographical scope for business opportunities, facilitates the access to information and lowers transaction costs. A further application of digital tools in the trade of products and services should be encouraged whenever they provide value to businesses and consumers.

- **Facilitating access to information for SMEs and start-ups**

Having a fully functioning Single Market would hugely benefit small and medium-sized enterprises (SMEs), as well as start-ups, by allowing them to place their products or provide their services in all European markets without the need to comply with specific national regulations. But until this ideal Single Market is operational, we should facilitate access to information about national and local regulations. While such information channels (helpdesks, websites...) exist already, they have often failed²⁵ to give SMEs and start-ups a clear overview of the rules and procedures they need to comply with, and occasionally deliver contradictory advice. The European Commission should ensure that each Member State has a one-stop shop effectively providing businesses with the necessary information and useful contacts.

24 European Commission and HR/VP Communication EU-China – A strategic outlook (12 March 2019)

<https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>

25 SME Envoy Network: Barriers for SMEs on the Single Market (November 2018)

https://danishbusinessauthority.dk/sites/default/files/barriers_for_smes_on_the_single_market.pdf

Trade and International Market Access

Free, fair and rule-based trade is vital for the European industry, a global leader in numerous industrial sectors and whose jobs highly depend on exports. The European Commission reported that in 2017 around 36 million jobs were supported by EU exports to non-EU countries²⁶. For this reason, an increase in global tariffs will have a more severe impact for jobs in the EU than in other parts of the world: according to a Eurofound report, it could lead to a 0.3% fall in employment in the EU by 2030 and – of all sectors – manufacturing will bear the largest percentage decline, namely 1.1%²⁷. Trade is also crucial for the development of SMEs, which account for a large majority of European companies and constitute the backbone of the EU economy and supply.

Despite some success stories, the European Commission reported that protectionism is increasing among EU partners²⁸. Countries around the world are putting industry at the very top of their political agendas (e.g. Made in China 2025, Make in India, America First), pushing their companies to become export leaders, sometimes disregarding international trade rules (e.g. governments subsidies to State-Owned Enterprises (SOEs), export duties and dual pricing of raw material)²⁹. Furthermore, protectionist measures, such as tariff and non-tariff barriers, tend to increase worldwide, thereby reducing market access and business opportunities for European companies. Some large countries have adopted an aggressive approach to address trade unbalances, side-lining WTO procedures, increasing tensions, disturbing supply chains and contributing to global uncertainty. As a result, the European industry, both large- and small-scale, faces considerable challenges with respect to global competition.

Building on the *Trade for All strategy*, the EU needs to continue promoting an ambitious trade agenda upholding a level playing field on a global level. Such a long-term trade strategy, accompanied by a concrete action plan, is needed to maintain the EU industry both as an important manufacturer and a world export leader. In this strategy, the following cornerstones should be particularly considered:

26 EU exports to the World: Effects on Employment and Income, Luxembourg: Publications Office of the European Union, (2018), http://trade.ec.europa.eu/doclib/docs/2018/november/tradoc_157516.pdf

27 The future of the manufacturing in Europe, Report by Eurofound (April 2019)
<https://www.eurofound.europa.eu/sites/default/files/fomeef18002en1.pdf>

28 Report from the Commission to the Parliament and the Council on Trade and Investment Barriers (2018)
http://trade.ec.europa.eu/doclib/docs/2018/june/tradoc_156978.pdf

29 European Commission and HR/VP Communication EU-China – A strategic outlook (12 March 2019)
<https://ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf>

- **An open rule-based multilateral trading system with a modernised WTO**

Preserving an effective multilateral trading system is fundamental: the stability and effectiveness of the multilateral trading system are essential for companies to guarantee sustainable growth and job creation. Action is urgently needed to reform and modernise the World Trade Organisation (WTO) as the guarantor of the world trade order. The agreed rules embodied in WTO agreements aim at opening the world economy within a clear, transparent and predictable governance framework. Given the WTO's central role in global trade governance, the modernisation of multilateral trade rules and a functional, transparent and independent dispute settlement mechanism are necessary elements for all countries to play by the same rules and address economic and policy distortions that disrupt fair and transparent competition. Major problems, such as overcapacities in some sectors and forced technology transfer stem from the negative externalities of subsidies and other types of government policies and measures, as well as all-encompassing sectoral industrial policies interfering with the normal operation of world markets.

- **Achieving a level playing field to improve market access**

International trade should be free and fair and European companies should be able to compete on an equal footing with their contenders. Unfair trading practices – such as the behaviour of heavily subsidised SOEs – not only interfere with competition on the global stage, but also with the normal functioning of the EU Single Market.

Strengthening Intellectual Property Rights (IPRs) to fight forced technology transfer becomes a key point, as well as adopting rules in the field of e-commerce. The EU should put all instruments at its disposal to ensure that rules are respected and to act decisively when countries engage in unfair practices. In the absence of international competition rules, a level playing field should be achieved through efficient deployment of EU Trade Defence Instruments, as well as the recently adopted Foreign Direct Investment (FDI) screening mechanism, the agreement on the International Procurement Instrument (IPI) and better enforcement of EU rules. Protection of EU companies' investments in third countries also needs to be addressed. European companies are for example increasingly threatened by discriminatory measures to promote domestic companies and by retaliatory measures in response to EU trade defence investigations.

New initiatives regarding standardisation and regulatory cooperation with third countries are important. These initiatives would benefit from more coordination between the European Commission's services and additional resources where necessary.

Market access should likewise be improved by addressing and eliminating barriers to trade. Co-

operation and exchange of information between stakeholders and the European Commission should be further developed. Tools, such as the Market Access Database and the Export Helpdesk, should continue to support European exporting companies, in particular, SMEs and start-ups.

To sum up, the EU trade policy should strive to open new markets, be it through multilateral or bilateral paths, and actively address tariff and non-tariff barriers that hamper European companies worldwide.

- **An ambitious bilateral trade agenda and better implementation and monitoring of FTAs and Association Agreements**

In line with the European Council Conclusions³⁰ of March 2019, we welcome an ambitious and comprehensive EU trade policy based on a bilateral trade agenda promoting clear and consistent harmonised rules. In particular, we welcome trade talks between the EU and the US. It adds up to a series of successful Free Trade Agreements (FTAs) achieved in the past five years with Canada, Japan, Singapore, as well as the recently concluded comprehensive trade agreement between the EU and Mercosur. However, beyond the negotiations of new trade deals, the implementation and monitoring phase is paramount to ensure that European companies reap the full benefits of the agreements. Likewise, communication and dissemination of information regarding the possibilities created by the FTAs should be increased, starting by emphasising trade opportunities for EU companies, and in particular SMEs and start-ups. Given the new generation of trade agreements that will enter into force in the coming years, where environmental³¹ and labour standards are becoming the cornerstone, more resources need to be allocated to their implementation and monitoring.

In order to enable more effective governance, European institutions should adopt a more coordinated approach when it comes to trade and foster more consistency between trade, customs, market surveillance and industrial policies. Negotiating processes and trade procedures, albeit complex, should be shortened to match business needs while remaining competitive.

³⁰ European Council meeting (21 and 22 March 2019) – Conclusions
<https://www.consilium.europa.eu/media/38789/22-euco-final-conclusions-en.pdf>

³¹ European Commission, Paris Agreement,
https://ec.europa.eu/clima/policies/international/negotiations/paris_en

List of Signatories











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