Implementation of the Updated New Industrial Strategy for Europe: aligning spending to policy

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The Committee on Industry, Research and Energy adopted an own-initiative report by Tom BERENDSEN (EPP, NL) on the implementation of the updated new industrial strategy for Europe: aligning spending to policy.

While welcoming the update of the industrial strategy, Members stressed that the Green Deal for Europe: (i) must be supported by an ambitious industrial policy, so that the Union is at the forefront of a sustainable and net-zero greenhouse gas (GHG) economy in a competitive way, (ii) must create synergies between enterprises, small and medium-sized enterprises (SMEs) and start-ups and (iii) must be underpinned by an ambitious R&D policy and a favourable SME framework.

In the current industrial context of energy and climate crisis, the report stressed the need for targeted support measures for vulnerable customers, in particular vulnerable SMEs and micro-enterprises, which have also been heavily affected by the COVID-19 pandemic.

Strengthening competitiveness and industrial resilience

Members consider that the EU cannot be dependent on non-EU countries for products, energy, manufacturing capacities and technologies needed for its future economy and society. They stressed that the **EU must regain a strong position in key global value chains** and secure its supply of critical raw materials in times of crisis, also through greater use of circular business models. They stressed the benefits of shorter supply chains for the resilience of the European economy and for achieving the EU's ambitious climate goals.

One of the most effective ways to strengthen Europe's industrial resilience and reduce its dependencies, the report says, is to diversify supply chains through ambitious trade policy measures, including strategic trade and investment agreements.

The Commission is invited to present a strategy **focused on the transition of the most energy-intensive industries** that would allow them to preserve their competitiveness and at the same time support greater EU strategic autonomy, as these industries are often of strategic importance.

Strengthening innovation

Recalling that Europe's industrial competitiveness depends heavily on its capacity to innovate, Members called for coordinated efforts by Member States to strengthen their commitment to increasing national R&D investment targets, in particular for national public and private funding of industrial innovation and research.

As regards **key enabling technologies**, the report called on the Commission to help close the investment gap with its global competitors. It called on the Commission to rapidly launch the delayed work of the **European Industrial Alliance for Processors and Semiconductor Technologies**. It called on the Commission to rapidly extend these initiatives to key enabling technologies such as batteries, artificial intelligence, cybersecurity, automation and robotics, biotechnology, edge computing, photonics and quantum computing and technology.

Made in EU

The report stressed the need to develop the 'Made in EU' initiative and to accelerate the uptake of Industry 4.0 technologies, particularly SMEs. 'Made in Europe' should not only mean quality and innovation, but also industrial products, processes and services that are sustainable in the long term and socially fair.

The report stressed the importance of the EU's zero pollution ambition and a fully integrated circular economy to create an efficient and decarbonised industry. It asked the Commission to analyse how products can be recycled and reintroduced into the product cycle.

It also recalled the role of **sustainable public procurement practices** in preventing drug shortages, ensuring security of supply and securing investment in manufacturing. It called on the Commission to assist Member States by developing targeted EU rules on the procurement of medicines, within the framework of the existing public procurement directive.

Education and training

The report highlighted the importance of dynamic education and training policies that recruit and retain talent in the EU. It calls on the Commission and Member States to help **world-class researchers and professors in the EU** to lead the education, research, development and training agenda of the future workforce, and to improve collaboration between education and training, research and business. It stresses the need for Member States to implement the Skills Pact and other EU initiatives aimed at creating opportunities for the retraining and upgrading of the workforce.

SMEs and start-ups

SMEs and start-ups play a central role in the EU's industrial ecosystems, in particular for the digital transformation, and are a key source of sustainable and socially responsible business models and product innovation.

Members stressed the need to improve access to European and national funding for these companies and draw attention to the need to **remove existing barriers in the single market** that hamper the growth of SMEs and start-ups in Europe, as well as the need for an improved legal and regulatory framework. They stressed the need to reduce unnecessary administrative burdens on business while maintaining the highest standards of consumer, worker, health and environmental protection.

Energy policy

The report stressed the need for a fundamental reorientation of European energy policy in response to Russia's violent invasion of Ukraine. It called for a **significant reduction in the EU's energy dependence** , especially on Russian gas, oil, coal and nuclear power. It called on the Commission and Member States to: (i) increase renewable energy and low-carbon transitional energy production capacity that is sustainable, secure, affordable and available in large quantities; and (ii) increase energy saving and energy efficiency measures.

Facilitating the transition to a circular economy

The report called on the Commission and Member States to significantly reduce the time needed to issue permits and to introduce fast-track permitting procedures when it comes to infrastructure that contributes to industry's transition to a climate neutral circular economy. In this context, it stressed the need to create a **basic hydrogen infrastructure in Europe** and to increase interconnections across the continent, as well as to support the widespread deployment of energy-saving technologies.

Maintaining a level playing field

Members are concerned about unfair competition, investment and takeovers by non-EU state-owned companies in the single market, especially in strategic sectors such as energy supply. They called on the Commission to ensure a level playing field, especially for SMEs, and to put in place adequate and legally sound measures to prevent such interference.

The report called on the Commission, with a view to the next review, to broaden the scope and definitions of the framework for foreign direct investment to address the effect of foreign subsidies on economic security in the EU and of technology transfers by EU companies in non-EU countries in strategic sectors.