



## **Green Deal newsletter** **The EU Industrial Strategy**

### **EU Industrial strategy: Seven pillars outlining the EU's industry of tomorrow**

*On 11 December 2019, the European Commission presented the Green Deal, with the main goal of a climate-neutral European Union by 2050. One of the key actions to achieve this is the development of an industrial strategy for a clean and circular economy. In this regard, the European Commission issued a communication on 11 March 2020, outlining a new industrial strategy for Europe.*

*The strategy is related to and complements the White Paper on Artificial Intelligence and the Data Strategy, which had been released approximately two weeks before. The key element in the Industrial Strategy is the so-called "twin ecological and digital transition" of the European industry.*

*The main pillars of the new EU Industrial Strategy are:*

- *A more integrated and digital single market;*
- *Upholding a global level playing field;*
- *Supporting industries towards climate neutrality;*
- *Building a more circular economy;*
- *Embedding a spirit of industrial renovation;*
- *Skilling and reskilling; and*
- *Investing in and financing the transition.*

*The main elements under these seven pillars of the new industrial strategy are discussed in more detail below.*

## More integrated and digital single market

The EU wants to achieve a deeper and increasingly digital single market.

The economies of scale and common regulation in the EU single market offer unique opportunities for EU businesses. It is therefore important that the common single market regulation is applied and enforced uniformly. The European Commission adopted a [Single Market Enforcement Action Plan](#) to strengthen joint efforts in this area. This Action Plan led to the establishment of the Single Market Enforcement Task-Force, designed to discuss the urgent need to allow the free flow of goods, and comprising Member States and the Commission. In addition, the European Commission issued a [Single Market Barriers Report](#) and an [SME Strategy for a sustainable and digital Europe](#).

An SME to SME approach will also be essential to attain this first pillar. Tech-savvy SMEs can for example help more established industrial companies to adapt their business models and develop new ways of working in alignment with the digital age. This will lead to a number of new opportunities. However, it is understood that these new forms of work will have to be supported by appropriate and up-to-date forms of protection.

On top of the abovementioned initiatives and as of 2021, the Commission will evaluate, review and (if necessary) amend current EU Competition rules, establish an [Intellectual Property Action Plan](#), follow-up on the [European Data Strategy](#) and enact a Digital Services Act to update and strengthen the legal framework for a single market.

## Upholding global level playing field

A second element of the new industrial strategy is to foster the EU's global competitiveness.

The Commission recognises that, despite the openness of the EU's economy, it should be aware of possible threats that endanger fair trade and competition. The Commission also acknowledges the importance of a coordinated European approach to secure mutually beneficial trade and an appropriate response to any possible barriers that prevent EU businesses from accessing the global market.

The Commission published a [White Paper on levelling the playing field regarding foreign subsidies](#), which addresses the distortive effects caused by foreign subsidies within the single market. Based on the findings in this paper, a legislative instrument on this subject will be adopted in 2021.

Furthermore, it will also be important to strengthen global rules on industrial subsidies in the World Trade Organisation, and to adopt an international procurement instrument.

The Commission intends to reinforce customs controls through an [Action Plan on the Customs Union](#) to ensure that imported products comply with EU rules (such as REACH and CLP).

## Supporting industry towards climate neutrality

To achieve climate neutrality in 2050, modernising and decarbonising energy intensive industries, and creating new

markets for climate neutral and circular products, is a top priority for the EU.

Therefore, the EU will invest in several new industrial processes and clean technologies.

The Commission announced a set of initiatives that will contribute in supporting industry in achieving climate neutrality, including:

- the [Just Transition Platform](#),
- a [Strategy for Sustainable and Smart Mobility](#),
- an EU Strategy on Clean Steel,
- a [Chemicals Strategy for Sustainability](#),
- a [Strategy on Offshore Renewable Energy](#),
- a [Strategy for smart sector integration](#),
- a Common European Energy data space and
- a [Carbon Border Adjustment Mechanism](#).

## Building a more circular economy

Europe must play a leading role in the ecological transition. The EU therefore aims to reduce its carbon and material footprint and embed circularity across the economy.

The new [Circular Economy Action Plan](#) puts forward a series of measures that will allow the EU's industry to be cleaner and more competitive. For more information on the new Circular Economy Action Plan, we refer to our previous [newsletter](#).

To build towards a more circular economy, the Commission will also take the following initiatives:

- adopting a new [Regulatory Framework for Sustainable Batteries](#),
- developing an EU Strategy for Textiles,
- engaging in Circular Electronics Initiatives,
- empowering consumers to play an active role in the circular economy, through better information on products and improved consumer rights.

## Embedding a spirit of industrial innovation

In recent years, European businesses have seen their global research and development share decline, while the United States and China continue to prioritise this area. To address this trend, it will be key to install an investment climate that focusses on the industries of the future, such as frontier science and deep technology.

Furthermore, it is important that industrial sectors are supported by the EU in defining their own roadmaps for climate neutrality and digital leadership.

Public private partnerships seem the ideal tool to help an industry in developing the technologies required to meet their goals.

## Skilling and reskilling

Due to the twin transitions towards climate neutrality and digital leadership, 120 million Europeans will have to upskill or reskill in the next five years. European education and training systems will play a major role in providing more scientists, engineers and technicians to the labour market.

In order to be competitive in the race for talent, industry, Member States, social partners and other stakeholders will sign a [Pact for Skills](#). Through this Pact, they will contribute to up- and reskilling, and unlocking public and private investment in the workforce. The main strategy of the Pact is to focus on sectors with high growth potential for Europe, or undergoing significant change.

In addition, the EU will keep focusing on finding a right gender balance in industry.

## Investing and financing the transition

During a time where public financing is no longer self-evident, the EU will need to explore ways of unlocking private investments to finance the aforementioned initiatives. The [Digital Finance Strategy](#) is a new initiative that aims to facilitate innovation in financial services to help scale up new services and business models, and address new risks.

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