



Council of the
European Union

Brussels, 6 October 2020
(OR. en)

11500/20

COMPET 458
IND 167
MI 386

NOTE

From: Presidency

To: Delegations

No. prev. doc.: 11237/20

Subject: Revised draft Council conclusions on "A recovery advancing the transition towards a more dynamic, resilient and competitive European industry"

Delegations will find attached a third Presidency proposal for draft Council conclusions on "A recovery advancing the transition towards a more dynamic, resilient and competitive European industry", with a view to the discussion by the Working Party on Competitiveness and Growth (Industry) at its meeting on 9 October 2020.

ANNEX

DRAFT COUNCIL CONCLUSIONS ON

"A recovery advancing the transition towards a more dynamic, resilient and competitive European industry"

THE COUNCIL OF THE EUROPEAN UNION,

RECALLING the Joint statement¹ by Ministers in June 2020, the Council Conclusions of November 2018² and May 2019³ and Council Conclusions on Circular Economy of 4 October 2019, as well as the European Council conclusions of March 2019⁴ and October 2020⁵, which stressed the important role of industry in the just, green and digital transformation processes and its key importance for Europe's prosperity and competitiveness; and

RECALLING the Commission's Communications on:

- 'The European Green Deal'; 'the 2030 Climate target plan'; the 'new Circular Economy Action Plan'; the 'EU Biodiversity Strategy'; the updated Bioeconomy Strategy; the 'hydrogen strategy'; the 'EU Strategy for Energy System Integration'⁶
- 'The European Digital Strategy'; the 'European strategy for data'; the 'White Paper on Artificial Intelligence';⁷

¹ Press release 385/20

² 14832/18

³ 9743/19

⁴ EUCO 1/19

⁵ EUCO 13/20

⁶ 15051/19, 10865/20, 6766/20, 8219/20, 13229/18, 9390/20 and 9389/20

⁷ 6237/20, 6250/20 and 6266/20

- the 'New Industrial Strategy for Europe'; 'SME Strategy'; 'Identifying and addressing barriers to the Single Market'; the 'Long term action plan for better implementation and enforcement of single market rules'; the 'White Paper on levelling the playing field as regards foreign subsidies'; 'Critical Raw Materials Resilience'; 'A new ERA for Research and Innovation';⁸ and on
- 'Europe's moment: Repair and Prepare for the Next Generation' and the Annual Sustainable Growth Strategy 2021 with its annexed Guidance to Member States on the Recovery and Resilience Plans including the draft template⁹;

Together for Europe's recovery

1. RECOGNISES the unprecedented situation of the global COVID-19 pandemic impacting lives and livelihoods across the European continent and worldwide; ACKNOWLEDGES that part of the European industry, particularly its SMEs, entrepreneurs and workers, are facing economic difficulties, uncertainty and challenges in maintaining their businesses; STRESSES that European solidarity is needed to jointly master a swift, sustainable and inclusive economic recovery and a long-term sustainable future, especially within the industries most impacted by the COVID-19 pandemic, such as tourism;

⁸ 6782/20, 6783/20, 6779/20, 6778/20, 8980/20, 10435/20 and 11400/20

⁹ 8136/20, 10887/20, 10889/20 and 10889/20 ADD1

2. UNDERLINES that this challenge is also an opportunity for using the recovery efforts to make European industry, and in particular SMEs including microenterprises, more competitive and resilient and thus contributing to the long-term competitiveness of the EU through embracing the green and digital transition, in line with the Paris Agreement¹⁰ and the Sustainable Development Goals of the Agenda 2030; HIGHLIGHTS that this transition and the EU economic recovery should also be just and built around the principles of competitiveness, sustainability, cohesion, inclusiveness, environmental protection, solidarity and observe social standards; UNDERLINES the importance of policy coherence and coordination with a multi-level approach that covers the EU, national and regional levels and respects subsidiarity across all relevant policy areas to support and empower industry in the best possible way;
3. HIGHLIGHTS that achieving strategic autonomy while preserving an open economy is a key objective of the Union¹¹ in order to self-determine its economic path and interests in areas that directly affect its citizens' safety and security; RECALLS that this includes fostering investments and production in Europe to reduce strategic dependencies in a number of specific areas, such as health, defense, food, digital sovereignty and critical raw materials;
4. STRESSES that the EU should pursue an ambitious European industrial policy to create an attractive and competitive business environment; BELIEVES firmly that the answer to the economic effects of the COVID-19 crisis and growing international competition must be one of reinforced and stronger European cooperation and integration; STRESSES that this can be a driving force to achieve a higher level of 'European value added', resource efficiency and circularity and to unlock the high potential of spill-over effects from strengthened cooperation in networks of interconnected businesses;

¹⁰ 12256/16

¹¹ EUCO 13/20

5. UNDERLINES that technological leadership, successfully commercialised innovation, diversified specialisation, sustainability and smart complementarities in Europe are a prerequisite for an enhanced level of resilience of European industry and all contribute to reinforcing the Union's open economy, its strategic autonomy and future competitiveness;
6. STRONGLY WELCOMES the 'European Green Deal', the 'European Digital Strategy' and the 'New Industrial Strategy' as key policy directions for the coming decades; HIGHLIGHTS that this offers the prospect for long-term structural change that will set the course for making Europe's industry more sustainable, more globally competitive and more resilient; UNDERLINES the importance of the Recovery and Resilience Facility and the new Multiannual Financial Framework to strengthen the economic and social recovery from the COVID-19 pandemic by combining the short- and mid-term investments of exceptional dimensions with necessary reforms;
7. WELCOMES the industrial ecosystems focus of the 'New Industrial Strategy', which is important for facilitating more industrial and technological cooperation across Member States and regions as their broad set up allows for a more holistic cross-sectoral approach to value chains; HIGHLIGHTS that this requires effective, concrete and inclusive coordination, preferably within existing fora, to generate those cross-sectoral synergies and encourage joint collaborative actions with and for industry, notably in the implementation of the national recovery and resilience plans as well as with Horizon Europe missions and partnerships and industrial technology roadmaps within the European Research Area;
8. UNDERLINES the need for speed and agility in the implementation of the New Industrial Strategy, and of the forthcoming Recovery and Resilience Fund and the next Multiannual Financial Framework to facilitate the access of all enterprises, especially SMEs, to markets, value chains, strategic partners, knowledge, advanced and clean technologies, innovation, finance and common projects;

Thriving through enabling framework conditions

9. UNDERLINES the high importance of setting the right business framework conditions and the need for clear, consistent and fit-for-purpose rules at all levels;
10. EMPHASISES the importance of a fully functioning, deepened and strengthened Single Market, including in the services sector, as one of the main enablers and prerequisites for the success of European industry, facilitating pan-European economic activity, reducing administrative burden and supporting digitalisation – as set out in its conclusions on 'A deepened Single Market for a strong recovery and a competitive, sustainable Europe' from September 2020¹²; UNDERLINES that it is important to improve the confidence of European consumers in that goods and services accessing the Single Market are compliant with European rules and standards;
11. HIGHLIGHTS the importance of a well-functioning European standardisation system as a basis to support the objectives of European technological advancements, especially with regards to the green and digital transition; UNDERLINES that harmonised standards are a catalyst for competitiveness, innovation and consumer safety and have proven highly valuable to ramp-up production of personal protective equipment and medical devices during the COVID crisis;

¹² 10698/20

12. STRESSES the importance of safeguarding an effective level playing field for European businesses to compete on the internal market and internationally in global value chains; UNDERLINES the need to discuss the implementation of proposals raised by the White Paper on foreign subsidies, and to modernise and update the competition framework and state aid guidelines to allow for more flexibility and to put in place corresponding regulatory framework that is advanced, clear and fit for purpose; further HIGHLIGHTS that this also requires a balanced, rules-based, open, fair and sustainable trade policy and its effective enforcement, as well as reciprocal access to public procurement markets, an approach for affordable pricing of energy and a strengthened Emissions Trading System supporting the EU's climate ambition while preventing carbon leakage and developing an effective carbon border adjustment mechanism that is WTO compliant;
13. POINTS to the necessity of establishing a world-leading, safe, resilient and interoperable data infrastructure and communication networks incorporating European safety and data protection standards; WELCOMES the proposed creation of common European data spaces in strategic sectors and domains of public interest as presented in the European strategy for data; HIGHLIGHTS that clear rules and standards for the organisation of the industrial data exchange based on voluntary basis are crucial; UNDERLINES the industrial application possibilities of technologies, such as 5G, blockchain for supply chains, industry 4.0, space technologies, data sharing and artificial intelligence;
14. UNDERLINES the importance of the up- and reskilling, training and employability of workers as an enabling framework condition for a thriving European industry; ADVOCATES further investments in this respect in order for industry to remain competitive, therefore WELCOMES the European Skills Agenda¹³ and its announcement of a Pact for Skills in strategic industrial ecosystems;

¹³ 9349/20

15. STRESSES the need to improve the security of supply and a single market for certified high quality secondary raw materials, particularly critical raw materials adhering to common standards, including through implementing the Action Plan for Critical Raw Materials; UNDERLINES that this must go together with providing clear EU standards in line with our values, including through a duty of vigilance on their supply chains for extractive industries, finding innovative alternatives to critical dependencies and adequate investments in resource efficiency, thereby pushing forward technologies and solutions for the Circular Economy as a means to boost the industrial competitiveness and resilience of European industry;

Investments for the recovery, investments for the future

16. STRESSES that private and public investments must match the scale of the current economic crisis due to COVID-19 and be made timely in order to empower European industry to be a major engine of economic recovery, prosperity and sustainable growth; ACKNOWLEDGES that EU funds should be allocated according to the upcoming regulation establishing the Recovery and Resilience Facility and WELCOMES the decision of the Council to dedicate significant shares to the European Green Deal and digital transformation objectives; HIGHLIGHTS that national specificities and industrial landscapes must be considered and the application of a one-size-fits-all approach be avoided;
17. RESTATES that European industrial policy has the long-term task of incentivising primarily private and supplementary public sector investment in industry and fostering the cooperation of industry and research in order to help industry to seize the opportunities from the green and digital transition; HIGHLIGHTS that the investment needs should be adequately addressed to enable the EU to become more resilient, competitive and sustainable and deliver on the 2030 and 2050 targets towards climate neutrality; STRESSES in particular the importance of preparing the Union's future competitiveness and thereby resilience by investing in value chains, sectors, raw materials and technologies that are key to the transitions ahead and that add to the Union's strategic autonomy;

Competitiveness and economic impact through technological leadership

18. HIGHLIGHTS the importance of strategic value chains and key technologies for European industry and of securing the functioning of these also in times of crisis;
19. RECOGNISES the work done by the Strategic Forum for Important Projects of Common European Interest (IPCEIs) in identifying strategic value chains to be followed as potential areas for pan-European cooperation; AWAITS with interest the launch of the new Industrial Forum as foreseen in the 'New Industrial Strategy';
20. REITERATES the call of the European Council for stepping up the efforts of overcoming market gaps with instruments at hand, including industrial alliances and IPCEI as two approaches to enable breakthrough innovation; STRESSES the importance that the processes of setting up and running IPCEIs and industrial alliances are efficient, transparent and inclusive to all Member States and types of stakeholders, including SMEs; SUPPORTS the transparent provision of relevant information on current and future IPCEI and industrial alliances as done, for example, with the European Hydrogen Alliance;
21. SUPPORTS the industrial alliances in the field of batteries, clean hydrogen and raw materials; ENCOURAGES the formation of further industry alliances in strategic areas, as they can be an effective tool to identify technology needs, investment opportunities, regulatory barriers and boost large-scale projects with positive spill-over effects across Europe; and LOOKS FORWARD to the starting of more alliances, such as on renewable and low-carbon emissions industries, industrial data and clouds, telecommunications networks and micro-processors;

22. RECALLS that IPCEIs are one of the relevant tools for addressing market failures and supporting innovative key technologies and strategic value chains; ACKNOWLEDGES the proven track record of IPCEIs so far, such as on microelectronics and batteries; ACKNOWLEDGES the potential contribution and positive spill-over effects that IPCEIs can bring to the sustainable growth and competitiveness of European industry, especially to make progress in the green and digital transition as well as to strengthen technological leadership and resilience; ENCOURAGES the development of new IPCEIs, such as in the field of zero carbon industries, health, renewable energy technologies, clean hydrogen technologies, microelectronics and communication technologies as well as European data and cloud infrastructures;

Energy-intensive industries - Europe's past, present and future - #cleanindustry

23. STRESSES the key role of energy-intensive industries for achieving the 2030 and 2050 EU targets towards climate neutrality; STRESSES the need to strengthen the supply chain resilience of these industries in Europe; UNDERLINES the importance of strategic and diversified access to raw materials and of ensuring the security of supply for all energy resources, particularly for renewable energy; ACKNOWLEDGES the importance of a just energy transition for economic recovery;
24. HIGHLIGHTS the need for comprehensive actions accompanying and supporting the transformation process that will turn the European energy-intensive industries into worldwide leaders in low-carbon emission technologies and on the global marketplace, while maintaining equal conditions in respect of high environmental protection, employment protection, social standards, protection of intellectual property rights, reciprocal market access to public procurement, safety of goods, and competition (including subsidies); in this respect WELCOMES the Masterplan for a competitive transformation of EU Energy-intensive Industries enabling a climate neutral and circular economy by 2050 and WELCOMES in this context the Hydrogen strategy for a climate-neutral Europe;

Joint action for a swift transition and recovery of European industry

25. CALLS on Member States to become spearheads of a swift transition and recovery by co-investing and fully unlocking the potential of engaging in European cooperation along strategic value chains and innovative key technologies, whether it be through IPCEIs, industrial alliances, European partnerships or cluster collaboration, including through adequate consideration and active integration of the particularities of SMEs, start-ups and their innovativeness; and thus
26. ENCOURAGES the Commission to facilitate regular updates to the Council on the progress of alliances and IPCEIs; and INVITES the Commission, as requested by the European Council, to identify strategic dependencies, particularly in the most sensitive industrial ecosystems such as for health and energy, and to propose measures to reduce these dependencies, including by diversifying and shortening supply chains and, where necessary, finding alternative solutions in Europe;
27. UNDERLINES with regard to the establishment of the Industrial Forum to not only include the analysis of industrial ecosystems and value chains but to also work on commonly reviewing, developing more, accelerating and coordinating existing initiatives; LOOKS FORWARD to hearing the results of the analysis regarding the lessons learned and best practises of the work of the Strategic Forum for IPCEI; UNDERLINES that the setup and work of the Industrial Forum must remain inclusive for all stakeholders;
28. ASKS the European Commission to set up a respective governance structure and clear information platforms to facilitate European cooperation and respond to the need for transparency, for example via the new Industrial Forum;

29. WELCOMES the Commission's intention to update its New Industrial Strategy and INVITES the Commission to outline its plans to incentivise investments and to ensure better coordination with regard to national measures; HIGHLIGHTS the importance of its swift presentation and implementation in the light of the changing global competitive landscape and ongoing preparation of recovery and resilience plans by Member States, and CALLS on the Commission to prioritise and accelerate initiatives that boost the low carbon and circular economy and strengthen competitiveness; UNDERLINES that the updated industrial strategy should expand the focus to include resilience and strategic autonomy; STRESSES that customised joint actions are needed at all levels by the Commission, Member States, regions and relevant stakeholders; and therefore ASKS the Commission to present the update of its New Industrial Strategy ahead of the European Council in March 2021, accompanied by an Action Plan with concrete initiatives and proposals;
30. CALLS on the Commission to define key performance indicators for monitoring the industrial strategy and industrial competitiveness by the end of March 2021, building for example on existing indicators of the 'Indicator Framework regarding Industrial Competitiveness'¹⁴, and comparing those to other world regions; ASKS for a regular reporting on the key performance indicators in the form of a brief written report and a statement for discussion in the Competitiveness Council; CALLS also for objectives to be fixed for the EU's industrial policy based on these indicators, in particular concerning industrial competitiveness and industry's contribution to the green and digital transition and the Union's resilience and strategic autonomy; and
31. CALLS on the Commission and Member States to work closely together and take concrete actions on how to foster more European industrial cooperation; UNDERLINES the important role of the Competitiveness Council to coordinate and communicate this work on a regular basis as well as to discuss progress on fostering more European industrial cooperation for a more dynamic, resilient and competitive industry in order to feed into the discussion of the European Council.

¹⁴ 11244/18