



Industrial Strategy Update

Learning from the crisis and delivering on the green transition

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Elements of the package

- **Communication:** « Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery »
- Three **Staff Working Documents:**
 - Annual Single Market Report 2021
 - Strategic dependencies and capacities
 - Towards competitive and clean European steel

Chapeau Communication - structure

- State of the Single Market economy
- Lessons learnt from the crisis
- Tackling Europe's strategic dependencies
- Strengthening Single Market resilience
- Accelerating the twin green and digital transition

Why an update?

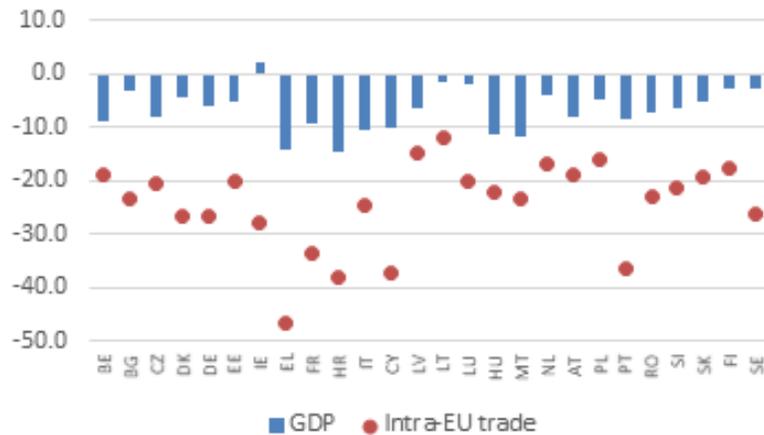
Lessons from the crisis - Need to:

1. Strengthen the **Single Market**
2. Analyse and address **strategic dependencies**
3. Accelerate the **twin green and digital transitions**

1. Strengthen the resilience of the Single Market

Single Market's resilience - Impact of the COVID-19 crisis on the Single Market and the way forward

When obstacles to the Single Market emerged a significant fall in intra-EU trade was observed (-24%)



GDP and intra-EU exports of goods and services - Q2, Q3 2020 compared with 2019

Disruptions in the Single Market

Disruptions in free movement of people, goods and services (almost 40 restrictions, incl. for food and medical goods)

Poor coordination and information sharing on restrictions

Disruptions in supply chains and lack of essential products (e.g. mask, ventilators)

High volumes of non-compliant goods to be checked

Single Market Emergency Instrument

Structural solutions to facilitate circulation of goods and services (e.g. Green Lanes)

Improved transparency on export restrictions and services restrictions (e.g. notifications)

Faster product availability and enhanced market surveillance (e.g. standard setting and sharing, fast-track conformity assessment)

Strengthened public procurement cooperation

2. Analyse and address strategic dependencies and capacities

Product dependencies exist and have an impact across sensitive ecosystems – examples

Energy – Renewables

- Strong impact of raw materials dependencies
- Other dependencies include electric motors, permanent magnets, electric accumulators, ...

Energy-Intensive Industries

- #1 most identified dependencies
- Examples: raw/processed materials (beryllium, cobalt, lithium, nickel, manganese, ferro-alloys, ...)

Digital & electronics

- Strong impact of raw materials dependencies
- Other dependencies include mobile phones, laptops, monitors, radio broadcast receivers, ...

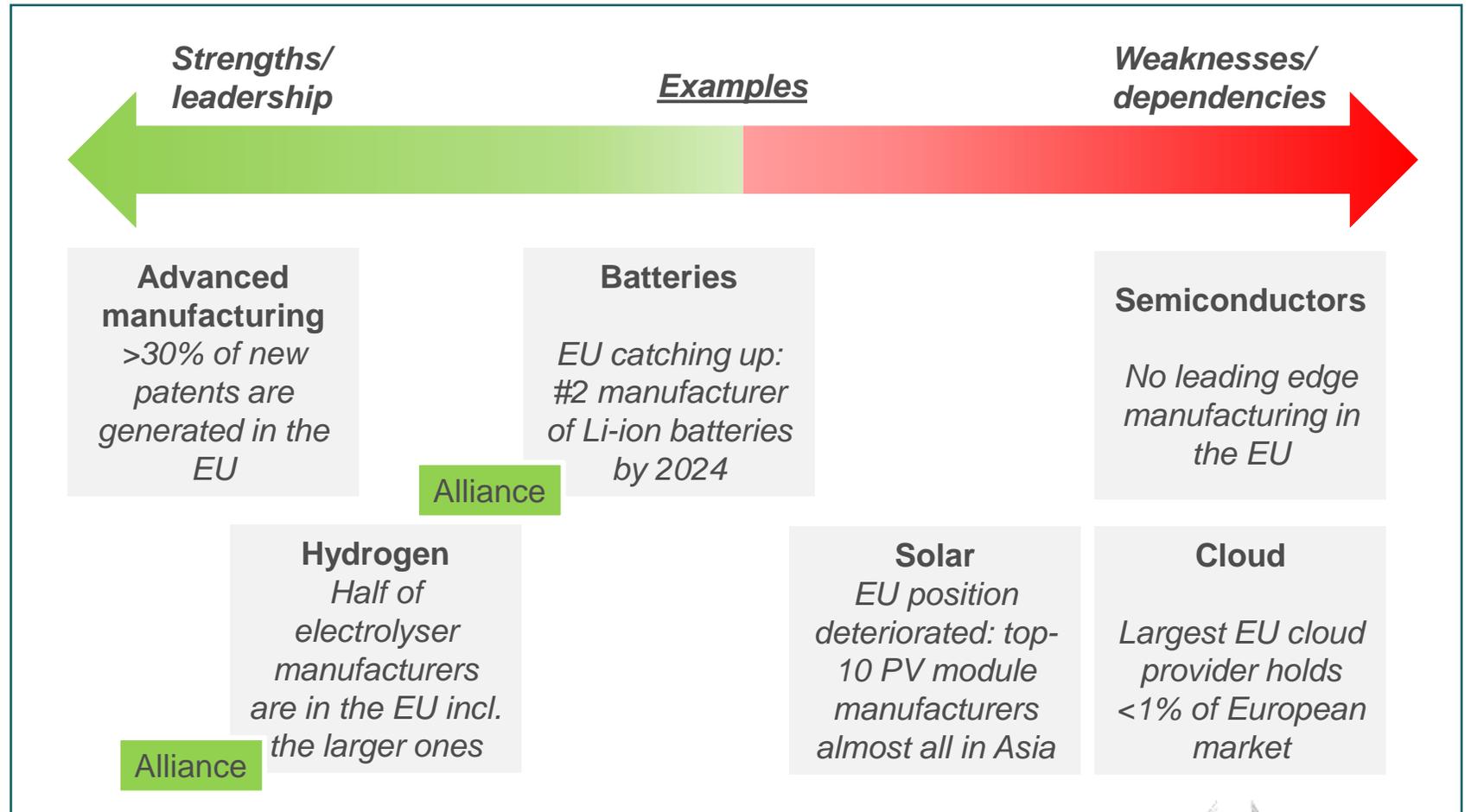
Health

- #2 most identified dependencies
- Examples: PPE (masks, gloves, etc.) but also many pharmaceutical ingredients for the production of medicines (antibiotics, vitamins, alkaloids, etc.)

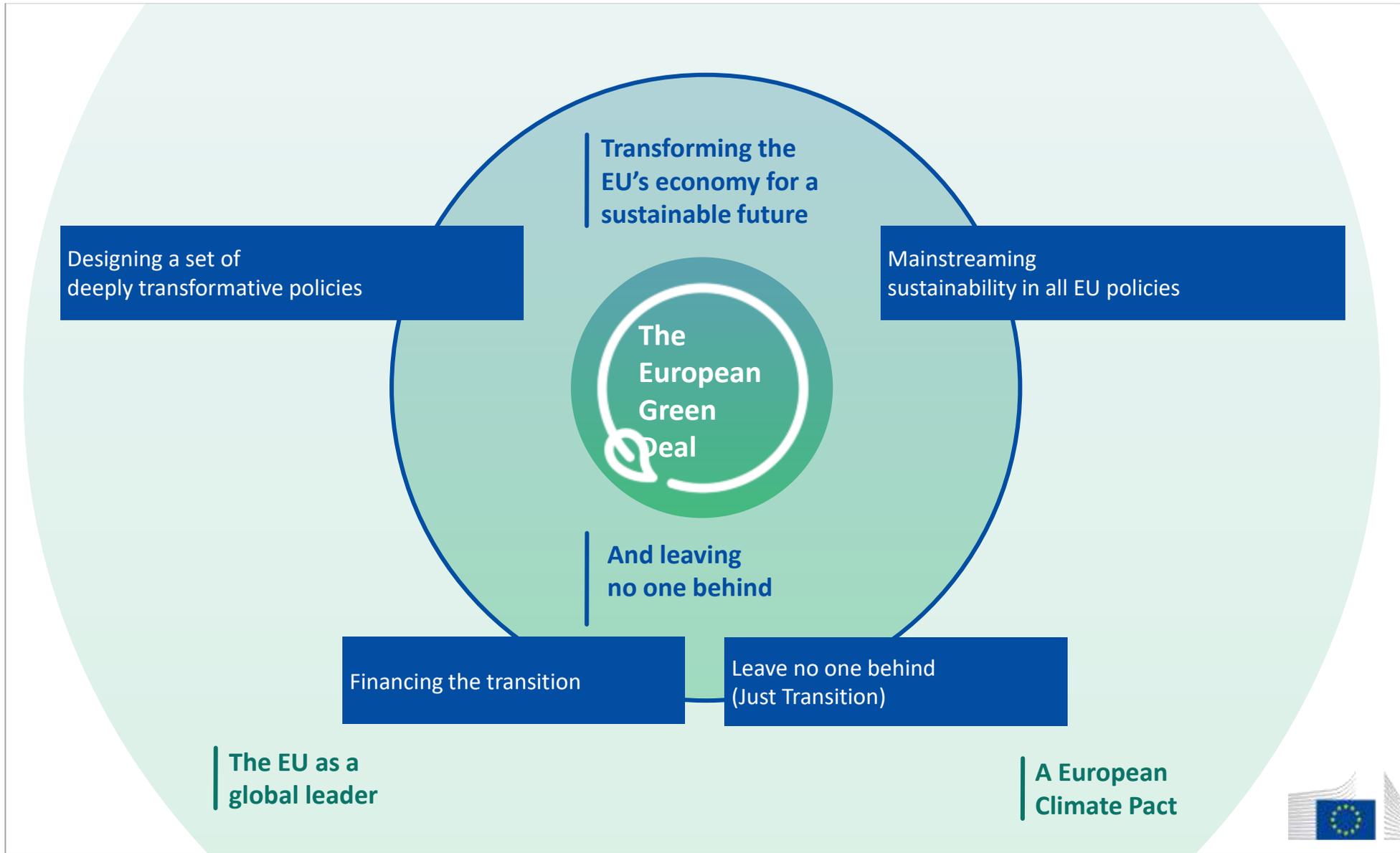
EU strategic capacity: strong in some technologies, highly dependent for others

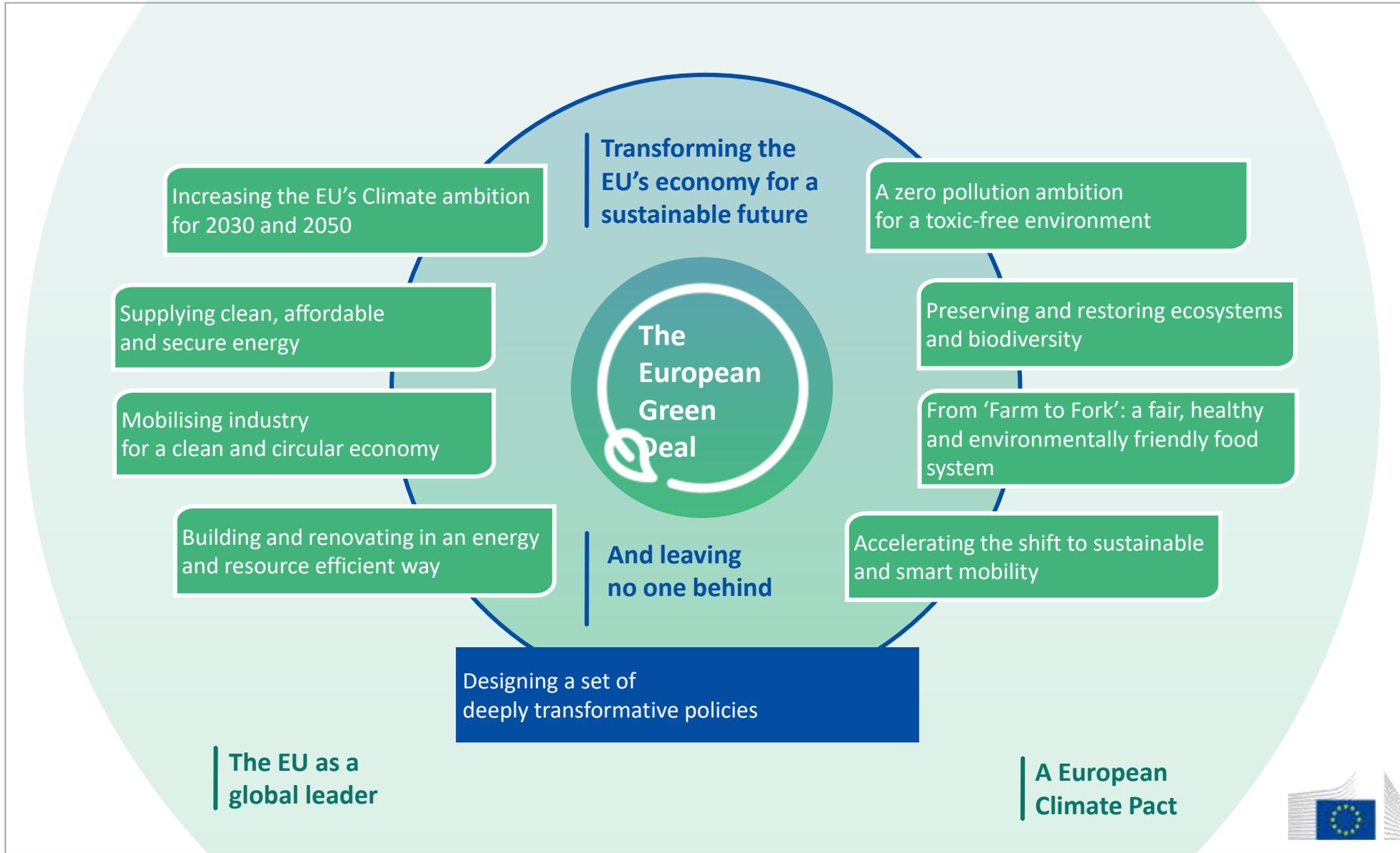
Main messages

1. Dependencies are **not limited to products**
2. Strategic capacity in key technologies is essential to **deliver on green/digital ambitions**
3. EU has **strengths and weaknesses**: highly competitive in some areas, highly dependent in others
4. Can **build on successful examples** (e.g. alliances)



Lesson 3. Accelerating the green and digital transitions





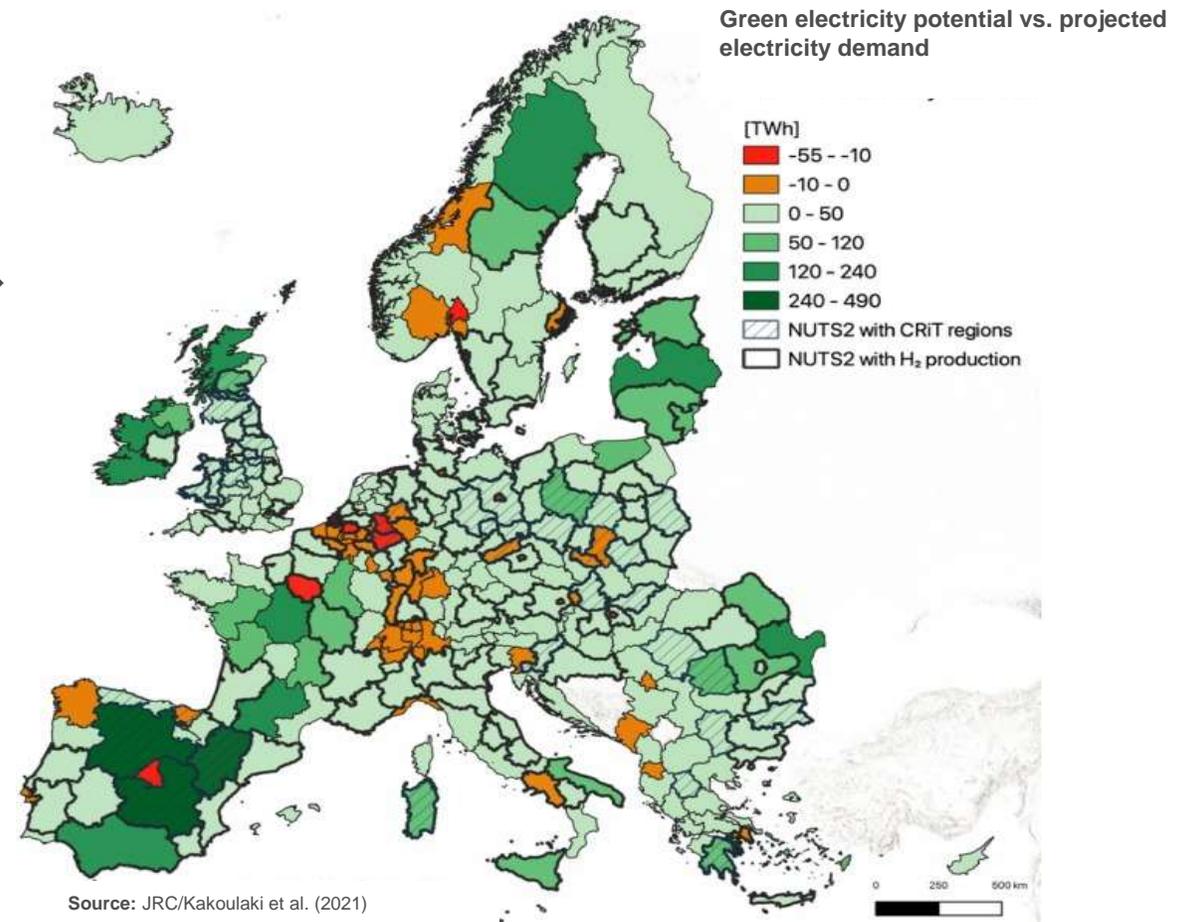
Lessons learnt to accelerate the green transition

- Different **needs and challenges across ecosystems** for successful green and digital transformations
- **Acceleration** in digital and green transitions over last year; vulnerabilities, **investment gaps**
- To support **business case** for the transition and predictability, industry needs:
 - a coherent & stable **regulatory framework**;
 - access to **capacities** and infrastructure (including digital ones)
 - access to **finance**;
 - access to **raw materials** and **decarbonised**

The green business case

To be successful in the green transition, EU industry requires:

- A coherent and stable **regulatory framework** → Fit for 55 package
- Access to **capacities and infrastructure** → Energy and Industry Geography Lab
- **Finance** for innovation and deployment → Horizon Europe, State Aid rules, renewed Sustainable Finance Strategy
- Access to **raw materials** → European Raw Materials Alliance
- **Decarbonised energy** → Support the uptake of corporate renewable power purchase agreements
- The right **skills** → Skills roundtables



The European Green Deal

Mobilising industry
for a clean and circular economy

- **EU Industrial Strategy** by March 2020
- A new **circular economy action plan** by March 2020, including a **sustainable products policy**
- **Clean Steel breakthrough**: proposal in 2020 to support zero carbon steel-making processes by 2030.
- Legislation in support of the **Strategic Action Plan on Batteries** and the circular economy in 2020
- Propose legislative reforms **tackling waste**

Designing a set of
deeply transformative policies

The EU as a
global leader

A European
Climate Pact

European steel industry

Policy actions to support the business case

Key measures on demand side

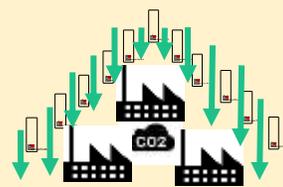
- **Carbon contracts for difference**
- **Sustainable Product Initiative**
(carbon accounting through the life-cycle) → e.g. *clean car*
- **Green public procurement**
→ to mainstream green steel purchasing by public buyers
- **Standardisation**
(e.g. clean steel)

Inputs

- **Technology and digitalisation**
Industrial Technology Roadmaps; Digital for Green Alliance 
- **Raw materials**
European Raw Materials Alliance 
- **Clean & affordable energy**
(electricity and hydrogen) 
- **Skills**
Pact for skills, European Climate Pact 

Input challenges:

- Technologies not yet ready;
- Cost & availability of clean energy (net zero steel requires 3-5x more electricity);
- Lack of skills



-80-95% CO₂ emissions by 2050
(Eurofer roadmap)

The European steel sector:

- €170 bn gross value added to the EU economy
- 1.3% of EU GDP
- 500 production sites in 23 MS
- 330.000 direct jobs
- 2.6 million indirect jobs
- 200 mill t/CO₂ emissions (ca. 5% of EU emissions)

Investment challenge:

High investment needs and long payback periods

Competitiveness challenge:

Potential loss of safeguards & threat of dumping due to overcapacities

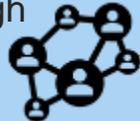
Covering investment needs

- **RRF**
- **MFF** (ETS innovation fund, Horizon Europe/Clean Steel Partnership, InvestEU)
- **Private markets** (Sustainable Finance Taxonomy)
- **EIB**
- **National budgets**

Actions at international level

- **Trade defence**
(prolongation of steel safeguards, anti-subsidy cases)
- **International cooperation** on decarbonisation of industry
- **Carbon Border Adjustment Mechanism**

Collaborative policy-making

- **Governance** through ecosystems 
- **High-Level Group** energy-intensive industries
- **Industrial Alliances**
- **IPCEIs** (hydrogen, low-carbon industry)



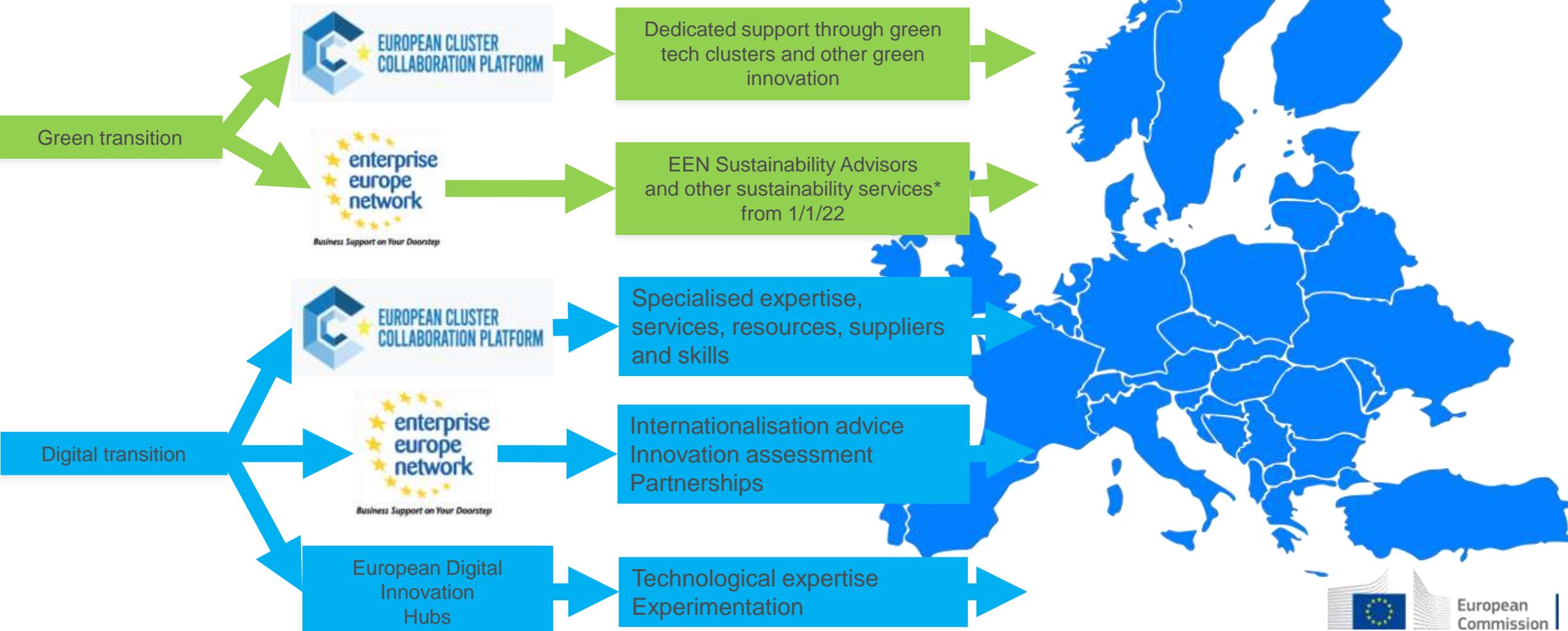
Putting SMEs at the core of the twin transitions

Channels for the next MFF (2021-2027):

Clusters: (JCI/ECCP around 1000 cluster organisations): 14 mn EUR per year

EEN: (around 500 members in EU): 47 mn EUR per year

EDIH: (200 EDIHs): 100 mn EUR per year



Industrial Alliances and the Industrial Forum

Industrial Alliances

- Industrial alliances can be an effective tool, in particular when:
 - there is an urgent rationale for changing business model (e.g. to deliver on the circular economy),
 - There is a risk of being squeezed out of markets that are key to the future of EU industry, economy or strategic autonomy (e.g. batteries, raw materials)
 - there is a chance to capture a promising future-proof market with significant spill over effects.
- The Commission will continue to support **industrial alliances** in strategic areas where:
 - They are the best tool to accelerate activities that would not develop otherwise,
 - They help to attract private investors to discuss new business partnerships and models in a transparent manner, fully compliant with competition rules and where they have a potential for high-value job creation.
- The Commission is preparing the launch of:
 - the **Alliance on processors and semiconductor technologies**
 - the **Alliance for Industrial Data, Edge and Cloud**
- The Commission is also considering the preparation of:
 - an **Alliance on Space Launchers**
 - an **Alliance on Zero Emission Aircraft**

Industrial Forum

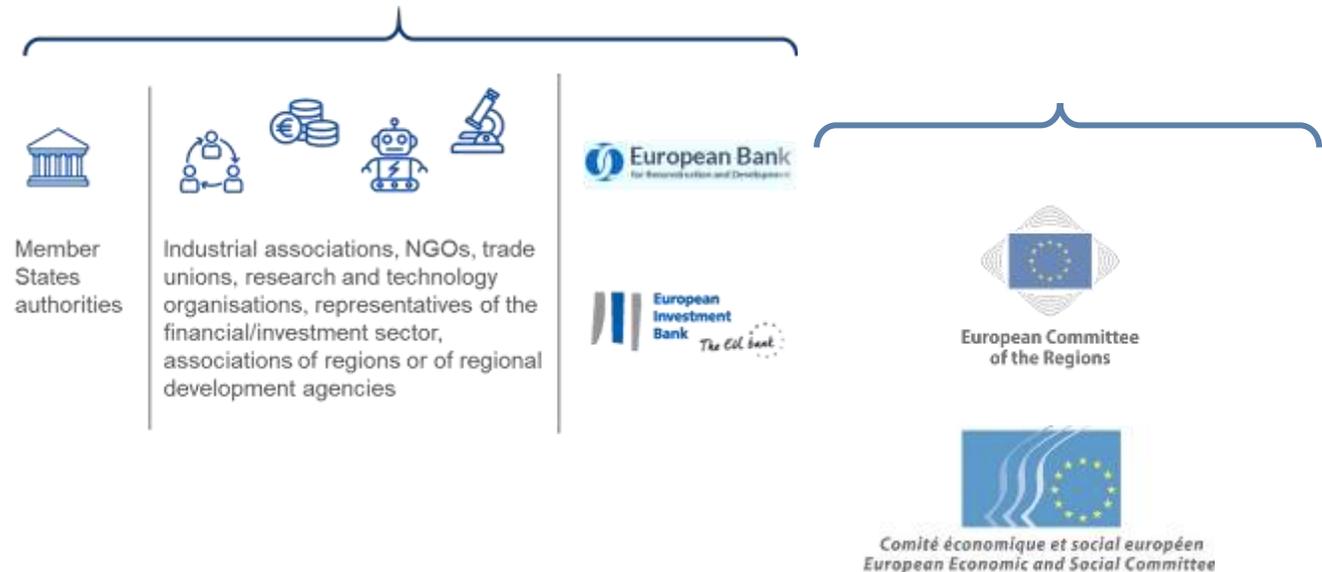
Tasks

1. Advise on the **implementation** of the **industrial strategy**
2. Contribute to the Commission's **analysis of industrial ecosystems**, monitor their progress and identify areas for **cross-border and cross-ecosystem collaboration**
3. Provide recommendations to foster the **green and digital transitions** of ecosystems and **facilitate coordination** among stakeholders, investments and support measures

Composition

55 members

2 observers



Dialogue with a wider range of stakeholders

Thank you!

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[Industrial Strategy Update](#)

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