



Council of the
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NOTE

From:	Presidency
To:	Delegations
Subject:	Draft Council conclusions on "A recovery advancing the transition towards a more dynamic, resilient and competitive European industry"

Delegations will find attached a 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 21 September 2020.

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 as well as the European Council conclusions of March 2019⁴ and September 2020⁵, which stressed the important role of industry in the green, digital and just transformation processes and its potential for achieving sovereignty through technological leadership; and

the Commission's Communications on:

- 'The European Green Deal'; 'A new Circular Economy Action Plan: For a cleaner and more competitive Europe'; the 'EU Biodiversity Strategy for 2030: Bringing nature back into our lives'⁶;
- 'The European Digital Strategy - Shaping Europe's Digital Future'; 'A European strategy for data'; 'White Paper on Artificial Intelligence: A European approach to excellence and trust'⁷;

¹ Press release 385/20

² 14832/18

³ 9743/19

⁴ EUCO 1/19

⁵ EUCO tbd

⁶ 15051/19, 6766/20 and 8219/20

⁷ 6237/20, 6250/20 and 6266/20

- 'A New Industrial Strategy for Europe'; 'An SME Strategy for a sustainable and digital Europe'; 'Identifying and addressing barriers to the Single Market'; the 'Long term action plan for better implementation and enforcement of single market rules'; 'White Paper on levelling the playing field as regards foreign subsidies'; 'Critical Raw Materials Resilience: Charting a Path towards greater Security and Sustainability'⁸ and
- 'Europe's moment: Repair and Prepare for the Next Generation'⁹;

European industry: 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 European industry with its entrepreneurs and workers face economic difficulties, uncertainty and their businesses collapsing, STRESSES that a moment of European solidarity is needed to jointly master a swift economic recovery;
2. UNDERLINES that European industry plays a key role in the recovery efforts delivering on short-term relief as well as for future competitiveness through embracing the green, digital and just transition, in line with the Paris Agreement and the Agenda 2030; HIGHLIGHTS that the EU economic recovery should be built around the principles of convergence, cohesion and inclusiveness; UNDERLINES in this regard the importance of policy coordination to support industry in the best possible way;

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

⁹ 8136/20

3. IS CONVINCED that the EU should pursue an ambitious and truly European industrial policy in order to turn this challenge into a competitive advantage and higher welfare; BELIEVES firmly that the answer to the COVID-19 crisis and the growing competition and tension in the world must be driven by and rooted in more pan-European cooperation and joint efforts with the aim of achieving yet a higher level of "European value added", resource efficiency and circularity - and thus sovereignty - in order to build a resilient stronghold against any potential future crisis; UNDERLINES that technological leadership, innovation, diversified specialisation, sustainability and smart complementarities in Europe are a prerequisite for an enhanced level of resilience;
4. STRONGLY WELCOMES the "European Green Deal" and the "European Digital Strategy" as clear policy communications that will guide European policies through the coming decades, HIGHLIGHTS that the "New Industrial Strategy for Europe" is the prospect for European industry with regard to long-term structural change ahead, is based on the twin transition and will develop proposals for a more sovereign industrial landscape, and STRONGLY SUPPORTS the Recovery Plan and the new Multiannual Financial Framework to cushion the economic bust and social consequences of the pandemic and simultaneously to facilitate short- and mid-term investments of exceptional dimensions;
5. WELCOMES the industrial ecosystems focus of the New Industrial Strategy, which is an important element for facilitating more industrial cooperation across Member States and regions; HIGHLIGHTS that this requires effective governance and concrete coordination structures, notably to encourage synergies and joint actions in the implementation of the national recovery and resilience plans towards fostering European industrial ecosystems; UNDERLINES the need to involve all relevant stakeholders in the implementation of the industrial and regulatory proposals for accelerating the dual transition of our industries and reinforcing Europe's resilience; LOOKS FORWARD to the set-up of joint cluster initiatives under the Single Market Programme for fostering industrial cooperation across the industrial ecosystems, notably through integrating and supporting SMEs in this process;

6. UNDERLINES the need for speed and agility in the implementation of the New Industrial Strategy and to adequately foster SMEs' access to markets, value chains, strategic partners, advanced technologies and finance; and HIGHLIGHTS the potential role of industrial clusters and other SME intermediaries to effectively reach out and channel funding to SMEs and foster cross-border cooperation across the industrial ecosystems;

European industry: Thriving through enabling framework conditions

7. UNDERLINES the importance of rightly set business framework conditions that need to be constantly improved at all levels; namely the deepening and strengthening of a fully functioning Single Market as the main enabler for pan-European economic activity as set out in its conclusions on “A deepened Single Market for a strong recovery and a competitive, sustainable Europe” from September 2020¹⁰, the establishment of an international level playing field as proposed in the corresponding White Paper on foreign subsidies, a modernized competition law as envisaged in the adaption of the European competition framework, state aid guidelines and a corresponding regulatory framework, support for upskilling and reskilling of workers, the pursuit of an active and engaged trade policy agenda and its better enforcement as well as a balanced and fair approach for pricing energy and Emissions Trading System certificates, an effective carbon border adjustment mechanism that is WTO law compliant and coherent to existing instruments preventing carbon leakage;
8. POINTS TO the necessity of establishing a sovereign, safe, resilient and interoperable digital data infrastructure and communication networks incorporating European safety and data protection standards; WELCOMES the proposed creation of common European data spaces in strategic sectors; HIGHLIGHTS that clear rules for the organisation of the industrial data exchange and the evolution of B2B platforms are crucial for creating new digital and sustainable business models;

¹⁰ 10698/20

9. UNDERLINES the importance of skilled labour and the employability of workers as an enabling framework condition for thriving industry in this regard; therefore ADVOCATES for investments in further training and qualification in order to remain competitive;
10. POINTS TO the need to develop dependable supplies and markets for high quality secondary raw materials, particularly critical raw materials, and to invest in increased resource efficiency as a means to boost the industrial competitiveness and the strategic autonomy of European industry;

European industry: Investments for recovery, investments for the future

11. STRESSES that private and public investment must match a scale appropriate to the active tackling of the current economic crisis due to COVID-19 in order to attribute to European industry the power to be a major engine of economic recovery in the EU; in this sense ACKNOWLEDGES the call by the Commission to deploy funds according to the rightfully set conditions for reform and coherence according to Commission's guidance to Member States on the Recovery and Resilience Fund;
12. RESTATES that whilst answering the call for recovery is to be done in a timely manner, European industrial policy in the long-term is bound to develop along the guiding strategies of the European Green Deal and the Digital Strategy and needs to advocate industry as a major recipient of private and public investment;

European industry: Competitiveness and sovereignty through technological leadership

13. STRESSES the need to raise investments, especially in key enabling technologies with cross-sectoral impact in order to boost innovation and strengthen the competitive advantage for European industry; 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 sectors for pan-European cooperation; WELCOMES the launch of the new Industrial Forum as foreseen in the New Industrial Strategy and POINTS correspondingly to important initiatives such as for smart manufacturing or low-emission technologies; UNDERLINES the industrial application possibilities of blockchain for supply chains, industry 4.0 and data sharing;
14. HIGHLIGHTS the importance of strategic industrial ecosystems, such as digital, aerospace and defence, raw materials and pharmaceuticals for strategic autonomy and resilience;
15. UNDERLINES the proven track record of the IPCEIs launched so far, such as the ones on microelectronics and batteries, REITERATES the call of the European Council for stepping up the efforts on IPCEIs to overcome market failures and enable breakthrough innovation and to further strengthen the synergies between the use of EU and national funds, ENCOURAGES the development of further IPCEIs, especially in the field of low greenhouse gases emission industries, hydrogen technologies, health, offshore wind and other efficient renewable energy technologies, microelectronics and for European data and cloud infrastructures and services, STRESSES the potential input of IPCEIs for achieving strategic autonomy of the EU, STRONGLY SUPPORTS the work on new industrial alliances in the field of low-carbon industries, industrial data and clouds, micro-processors, telecommunication networks as well as raw materials;
16. STRESSES in this regard the importance of making the processes of IPCEIs and industrial alliances transparent and inclusive to all Member States and companies of any size; WELCOMES the Commission's initiative to set-up inclusive online platforms, as executed with the European Hydrogen Alliance, for the transparent provision of relevant information of current and future IPCEIs and industrial alliances;

17. RECOGNISES that the strategic autonomy of the Union requires reducing dependencies in three key areas of digital technologies which have become fundamental for virtually all sectors of the economy: microelectronics and computing power, cloud for industrial data, and secure connectivity; INVITES Member States to co-invest with the Union in large scale projects to strengthen European technological and industrial presence in these areas; ENCOURAGES the Commission to monitor and assess over time Europe's position globally in these areas;

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

18. CONFIRMS that energy-intensive industries are a historically grown indispensable sector and play a key role for making European industry climate-neutral, RECOGNIZES that the European Green Deal should become a growth strategy for this, HIGHLIGHTS the need for a comprehensive strategy accompanying the transformation process that will turn the European energy-intensive industries into worldwide leaders in low carbon technologies and on the global marketplace;
19. ACKNOWLEDGES that the measures to achieve a reduction of CO₂ emissions should tap on sustainable low-carbon technology options, taking full advantage of circular approaches to efficient material management; HIGHLIGHTS that the just transition process includes the need for a reliable and strategic approach to a secure, affordable and renewable energy supply and that it must be accompanied by a policy and regulatory framework which paves the way for an uninterrupted supply of renewable low carbon energy at competitive prices, and STRESSES that renewable energies such as offshore wind, efficient power-to-X-technologies and hydrogen technologies will play an important role in this transition;

Joint action for a swift transition and recovery of European industry

20. CALLS on Member States to fully unlock the potential of engaging in European cooperation along industrial ecosystems driven by innovative key technologies whether it be through IPCEIs, industrial alliances or clusters, including through adequate consideration and active integration of the particularities of SMEs and their innovativeness, in the drafting and implementation of their recovery and resilience plans;
21. ASKS with regard to the new Industrial Forum to not only include the analysis of industrial ecosystems but to additionally work on commonly reviewing, developing more, accelerating and coordinating existing initiatives with regard to future key technologies;
22. WELCOMES the Commission's intention to update its New Industrial Strategy in the light of the changing global competitive landscape and recovery, and CALLS on the Commission to prioritise and accelerate initiatives that boost circular economy and innovative activity and strengthen competitiveness; CALLS on the Commission to follow-up the strategy with a detailed and comprehensive Action Plan for European Industry with a prescribed timetable of concrete actions; HIGHLIGHTS that its implementation requires joint actions at all levels by the Commission, Member States and regions;
23. CALLS on the Commission to define key performance indicators for monitoring the industrial strategy and industrial competitiveness tapping on existing indicators, such as the "Indicator Framework regarding Industrial Competitiveness"¹¹ and comparing those to other world regions; ASKS for an annual reporting on the key performance indicators in the form of a brief written report and a statement for discussion in the Competitiveness Council; SUGGESTS that this competitiveness reporting is streamlined and aligned with the forward-looking Strategic Foresight report that both should cover resilience aspects of the industrial ecosystems in order to support the implementation of recovery and resilience plans and contribute to the European Semester;

¹¹ 11244/18

24. SUGGESTS to set up a respective governance structure and clear information platforms for facilitating European cooperation across the industrial ecosystems driven by key technological fields via the new Industrial Forum; LOOKS FORWARD to horizontal and ecosystems guidance to be made available by the Commission for the implementation of the recovery and resilience plans; and CALLS on the Commission and Member States to work closely together and to discuss this plan and how to foster pan-European cooperation even more in the Competitiveness Council.
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