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COVER NOTE

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Subject:	COMMISSION STAFF WORKING DOCUMENT 2023 Annual Single Market Report: Single Market at 30 (Part 3/5)

Delegations will find attached document SWD(2023) 26 final (3/5).

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PART 3/5

COMMISSION STAFF WORKING DOCUMENT

2023 Annual Single Market Report: Single Market at 30

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Annex 2: Stocktaking of the implementation of the March 2020 Industrial Strategy and its May 2021 Update

Colour-coding

   	Implemented / launched before December 2022
   	Under preparation

A New Industrial Strategy for Europe (10 March 2020)

Key action	State of implementation
1. Creating certainty for industry: A deeper and more digital single market	
Single Market Enforcement Action Plan and Single Market Barriers Report.	• Adopted in March 2020.
Setting up a Single Market Enforcement Task-Force, composed of Member States and the Commission.	• Ongoing: Inaugural meeting took place on 7 April 2020. • The first SMET Report was published and presented to EU Ministers during the Competitiveness Council on 29 September 2021. • The second SMET report was published on 28 November 2022 and discussed by EU Ministers during the Competitiveness Council of 1 December 2022.
SME Strategy for a sustainable and digital Europe.	• Adopted in March 2020.
Ongoing review of competition rules, including the evaluation of merger control and the fitness check of State aid guidelines.	• State aid fitness check completed. • Evaluation of jurisdictional and procedural aspects of EU merger control published. • Review of competition rules ongoing. The Commission adopted in November 2021 the Communication "A competition policy fit for new challenges". • The Regional aid Guidelines were adopted in April 2021.

	- The revised Communication on important projects of common European interest (IPCEI) was adopted in November 2021. - The revised Guidelines on State Aid to promote risk finance investments were adopted in December 2021. - The revised Climate, Environmental protection and Energy Aid Guidelines (CEEAG) were adopted in January 2022. - The revised Communication of State aid rules for research and development and innovation was adopted in October 2022. - The revised Communication on State aid for broadband networks ('Broadband Guidelines') was adopted in December 2022.
Intellectual Property Action Plan to assess the need to upgrade the legal framework, ensure a smart use of IP, better fight IP theft.	- Adopted in November 2020.
Follow-up to the European Data Strategy to develop an EU data economy, including the launch of common European data spaces in specific sectors and value chains.	- Proposal for a Regulation on European data governance (Data Governance Act) presented in November 2020. The Regulation will help users to stay in control of their data, and encourage the creation of common European data spaces in crucial sectors. These sectors include health, the environment, energy, agriculture, mobility, finance, manufacturing, public administration, and skills.
	- Common European data spaces in specific sectors under preparation. Specific data spaces have different timelines. - Conceptual work is ongoing in several sectors (e.g. finance). In addition the Commission launched in November 2021 a call for proposals under the Digital Europe programme for coordination and support actions aiming at defining the technical architecture and the governance model of several data spaces, among which the green deal, industrial manufacturing, agriculture, mobility, smart communities, tourism and skills data spaces. European Health Data Space proposal adopted by the Commission in May 2022. - The coordination and support actions are expected to start in 2022 and deliver their

	first results by 2023. At the same time, the Commission is investing in the development of the basic building blocks for the creation of sectoral data spaces through its actions supporting the creation of a European Cloud & Edge data infrastructure. Overall, the Commission is going to invest about EUR 400 million for the creation of data spaces.
Digital Services Package: to reinforce the safety and fairness of digital services and markets in the Single Market.	• The European Commission proposed in December 2020 two legislative initiatives to upgrade rules governing digital services in the EU: the Digital Services Act (DSA) and the Digital Markets Act (DMA). They form a single set of new rules applicable across the whole EU to create a safer and more open, fair and contestable digital space. The Digital Services Act entered into force on 16 November 2022 and the Digital Markets Act entered into force on 1 November 2022.
Initiative on improving the working conditions for platform workers.	• The Commission adopted in December 2021 proposals to improve the working conditions of people working through digital labour platforms, including: a Communication on Better Working Conditions for a Stronger Social Europe, a proposal for a Directive on improving the working conditions in platform work. The guidelines on the application of EU competition law to collective agreements of solo self-employed people were adopted in September 2022.
VAT in the Digital Age Initiative	• The Commission adopted on 8 December 2022 a proposal that aimed at adapting the VAT system to the opportunities offered by the digital environment. It will strengthen the use of digital reporting and e-invoicing. In addition it will modernise the treatment of the platform economy when providing certain services to consumers and it will create a single VAT identification for the Union, building on the existing One-Stop-Shop.
2. Upholding a global level playing field	

White paper on an instrument on foreign subsidies by mid-2020, also looking at foreign access to public procurement and EU funding.	• Following the adoption of the White Paper in June 2020 and an extensive consultation process with stakeholders, the Commission proposed in May 2021 a Regulation on foreign subsidies distorting the internal market. • The draft text of the Regulation was agreed by the co-legislators on 30 June 2022. It entered into force on 12 January 2023 and will start to apply on 12 July 2023.
Action plan on the Customs Union in 2020 to reinforce customs controls, including a legislative proposal for an EU Single Window Environment for Customs to allow for fully digital clearance processes at the border.	• Customs Union Action Plan published in September 2020. The Action Plan consists of 17 separate actions, which are currently being implemented. • Proposal for a Regulation establishing the EU Single Window Environment for Customs Presented in October 2020. The final act was published in the Official Journal on 19.12.2022. • Signature of the EU Single Window Environment for Customs (SWE-C) Regulation on 24/11, published in the Official Journal on 9 December 2022.
Commission Action Plan for fair and simple taxation supporting the recovery under preparation.	• The Commission envisages to propose measures to strengthen administrative cooperation in the field of value added tax, as announced by the Commission Action Plan for fair and simple taxation supporting the recovery, in order to facilitate the verification of cross-border transactions, exploring how to use new technologies to make cross-border transactions easier for honest businesses and how to focus controls more on non-compliant taxpayers.
Swift adoption of the International Procurement Instrument.	• Final act published in Official Journal.
Strengthening the global rules on industrial subsidies in the World Trade Organization.	• Annex to the Trade Policy Review Communication on reforming the WTO presented in February 2021. • The EU will continue discussions and outreach with other WTO Members on industrial subsidies/level playing field.
3. Supporting industry towards climate neutrality	

Strategy for smart sector integration.	• Adopted in July 2020.
A Common European Energy data space will exploit the potential of data to enhance the innovative capacity of the energy sector.	• Ongoing. • The Commission presented a European strategy for data in February 2020 and proposed a Regulation on European data governance as part of its data strategy in November 2020. The Regulation will encourage the creation of common European data spaces in crucial sectors to ensure that more data become available for use in the economy and society, while keeping the companies and individuals who generate the data in control. These sectors include health, the environment, energy, agriculture, mobility, finance, manufacturing, public administration, and skills.
Launch the Just Transition Platform to offer technical and advisory support for carbon-intensive regions and industries.	• Launched in June 2020.
Chemicals Strategy for Sustainability.	• Adopted in October 2020.
Review of the Trans-European Network Energy regulation.	• The Commission adopted a proposal to revise the EU rules on the TEN-E Regulation in December 2020. • Final act published in Official Journal.
EU Strategy on Offshore Renewable Energy.	• Adopted in November 2020.
EU Strategy on Clean Steel.	• Funding proposal for Clean Steel Partnership presented in the context of Horizon Europe in September 2020. • Commission Staff Working Document 'Towards competitive and clean European steel' published in May 2021 in the context of the Update of the industrial strategy. • End of June 2021 Commissioners Gabriel and Breton signed a Memorandum of understanding for six partnerships, including the Clean Steel Partnership.

Comprehensive Strategy for Sustainable and Smart Mobility.	• Adopted in December 2020.
'Renovation Wave' Initiative and Strategy on the built environment.	• 'Renovation Wave' adopted in October 2020. • Revision of the energy performance of buildings Directive presented in December 2021. • Final act published in the Official Journal.
Carbon Border Adjustment Mechanism to reduce carbon leakage, in full compatibility with WTO rules.	• Commission proposal adopted in July 2021 as part of the 'Fit-for-55' package. • A provisional agreement was reached by Parliament and Council during 12 December 2022. The agreement needs to be confimed by ambassadors of the EU Member States and the EP, and adopted by both institutions before it is final.
Revision of the EU Emission Trading Scheme	• Commission proposal adopted in July 2021 as part of the 'Fit-for-55' package and agreed by co-legilsators in December 2022.
4. Building a more circular economy	
Circular Economy Action Plan adopted in parallel with this strategy, including a new sustainable product policy framework.	• Circular Economy Action Plan adopted in March 2020.
	• A Circular Economy package adopted in March 2022 including: - The Sustainable Products Initiative, including the proposal for a new Ecodesign for Sustainable products regulation, establishing a wider framework to set ecodesign requirements beyond energy-related products; - The Ecodesign and Energy Labelling Working Plan 2022-2024; - The first EU Strategy for Sustainable and Circular Textiles, looking at the entire lifecycle of textile products to create a greener, more competitive and resilient sector; - The update of the EU consumer rules to empower consumers for the green transition, to ensure that consumers can make better-informed purchase choices;

	- The proposal for the revision of the Construction Products Regulation to create a harmonised framework to assess and communicate the environmental and climate performance of construction products.
	• A Circular Economy package adopted in November 2022 which includes: - A Proposal for a Regulation on packaging and packaging waste - A policy framework for bio-based, biodegradable and compostable plastics. • A Carbon Removal Certification Framework.
	• The Commission will also propose in 2023: - an Initiative on Sustainable consumption of goods – promoting repair and reuse (the right to repair); - a legislative initiative to tackle false Green Claims, covering voluntary green claims made on products, services and organisations in the EU in 2023; - an initiative to address the presence of microplastics in the environment; - a revision of the monitoring framework for circular economy.
New Regulatory Framework for Sustainable Batteries.	• Commission adopted a proposal for a Regulation on batteries and waste batteries adopted in December 2020. Agreement between co-legislators reached in January 2023.
EU Strategy for Textiles	• The Commission adopted in March 2022 the first EU Strategy for Sustainable and Circular Textiles.
5. Embedding a spirit of industrial innovation	
Communication on the Future of Research and Innovation and the European Research Area to map out a new approach to innovation and ensure the EU budget is	• Adopted in September 2020.

used with maximum impact.	
Launch Public Private Partnerships in the Horizon Europe programme.	• The Commission proposal for the Single Basic Act for proposed institutionalised partnerships (joint undertakings) and Art. 185 (public-private partnerships) was adopted by the Commission in February 2021. The resulting regulation was addopted as Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe, which entered into force on 30 November 2021.
	• The Commission adopted a Decision on the approval and signature of the Memoranda of Understanding for 11 co-programmed partnerships in June 2021.
6. Skilling and reskilling	
The Commission will update the Skills Agenda for Europe, including a Pact for Skills, and will propose a Council Recommendation aimed at modernising vocational education and training.	• Skills agenda adopted in July 2020. • The Council Recommendation on vocational education and training for sustainable competitiveness, social fairness and resilience was adopted in November 2020.
Launch of a European Pact for Skills.	• Launched in November 2020.
Communication on achieving a European Education Area by 2025.	• Adopted in September 2020.
New Digital Education Action Plan (2021-2027).	• Adopted in September 2020.
Implementation of the EU Gender Equality Strategy 2020-2025, adopted in March 2020.	• Ongoing.
7. Investing and financing the transition	

Work with Parliament and Council to ensure rapid adoption and implementation of the next long-term budget.	• Agreement reached in November 2020.
Consider scope for coordinated investment by Member States and industry in the form of new IPCEIs and on the possible follow-up to the first IPCEIs on batteries and microelectronics.	• Second IPCEI for batteries launched in January 2021. • Two hydrogen IPCEIs – "IPCEI Hy2Tech" and "IPCEI Hy2Use" –approved in July and September 2022, respectively. • Second IPCEI on Microelectronics and Communication Technologies pre-notified in December 2021. • First health IPCEI pre-notified in November 2022. • Some Member States and companies have jointly expressed interest to engage in additional hydrogen and health IPCEIs, as well as next-generation Cloud and Edge Infrastructure and Services.The Commission monitors several of these projects plans and will assess if and when notified to the Commission under applicable State Aid rules.
Review State aid rules for IPCEIs.	• The revised Communication on important projects of common European interest (IPCEI) was adopted in November 2021.

Action Plan on the Capital Markets Union (CMU) in 2020, including measures in support of integrated capital markets and more funding and investment opportunities for citizens and businesses.	Action Plan on the CMU adopted in September 2020. Implementation ongoing, with key items including the following:
	
	• Capital Markets Union package adopted in November 2021, including:
	  – A proposal for a European Single Access Point (ESAP) Regulation;
	  – Review of the European Long-Term Investment Funds (ELTIFs) Regulation;
	  – Review of the Alternative Investment Fund Managers Directive (AIFMD);
	  – Review of the Markets in Financial Instruments Regulation (MiFIR).
	• In January 2022, publication of the joint EU/OECD-INFE financial competence framework for adults.
	• Package adopted in December 2022:

	- Listing act; - Legislative proposal on corporate insolvency; - Legislative package on EU clearing services.
A renewed sustainable finance strategy.	• Adopted in July 2021.
A new Digital Finance Strategy.	• Adopted in September 2020, including legislative proposals on: – markets in crypto-assets (MICA) – the DLT (Distributed Ledger Technology) pilot – Digital operational resilience act (DORA)
Innovation Fund	• First and second call for large-scale and first call for small-scale projects completed by 2021. • Second call for small-scale closed for application. • Third call for large-scale project ongoing.
8. Reinforcing Europe's industrial and strategic autonomy	
A new EU pharmaceutical strategy in 2020, including actions to secure supplies and ensure innovation for patients.	• Adopted in November 2020.
An Action Plan on Critical Raw Materials, including efforts to broaden international partnerships on access to raw materials.	• Adopted in September 2020.
Follow-up to the 5G Communication and the Recommendation on cybersecurity of 5G networks.	• Ongoing. • Cybersecurity Strategy for the Digital Decade published in December 2020, including an appendix with a list of actions and objectives for the next steps in the EU coordinated approach on 5G cybersecurity. • Cybersecurity Strategy implementation report published in June 2021 including an

	update on the coordinated work on 5G cybersecurity. • The NIS Cooperation Group published an analysis of the cybersecurity of Open RAN in May 2022. • The Commission, toghether with Member States in the NIS Cooperation Group and ENISA, is monitoring the implementation of the EU 5G Toolbox at national and EU level and is working on the implementation of the Court of Auditors' recommendations on 5G security. A second Progress report on the Toolbox implementation is planned to be published in Q1 of 2023. • ENISA is working on a candidate EU cybersecurity certification scheme for 5G networks.
Action Plan on synergies between civil, defence and space industries, including at the level of programmes, technologies, innovation and start-ups.	• Adopted in February 2021.
9. A partnership approach to governance	
European Clean Hydrogen Alliance (ECH2A)	• European Clean Hydrogen Alliance launched in July 2020.
Alliance on low-carbon industries.	• Renewable and Low-Carbon Fuels Value Chain Industrial Alliance launched in April 2022.
Alliance on raw materials (ERMA)	• European Raw Materials Alliance launched in September 2020.
Industrial European Alliance on Industrial Data, Edge and Cloud.	• European Alliance on Industrial Data, Edge and Cloud launched in July 2021.
The Commission will undertake a thorough screening and analysis of industrial needs and identify ecosystems needing a tailor-made approach.	• Ongoing.

An inclusive and open Industrial Forum will be set up by September 2020 to support this work.	• The Industrial Forum was established in December 2020. The Forum met in February, June and December 2021 and in June 2022. A preparatory meeting took place in November 2022.
The Commission's annual Industry Days will continue to be an important event to bring all players together.	• The 5th edition of the EU Industry Days took place on 8-11 February 2022.

Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery (5 May 2021)

1. Strengthening Single Market resilience	
Single Market Emergency Instrument.	• Commission Legislative proposal published in September 2022.
Annual Single Market Report.	• First Annual Single Market Report published in May 2021. Second Report presented in February 2022.
Possible common form/template for the declaration of the posting of workers.	• Consultations with Member States and social partners concluded in 2022. • Work with Member States on the common form started in the beginning of 2023.
Strengthen Single Market surveillance of EU and imported products.	• Ongoing.
Under InvestEU, work on capital support and equity financing to support SMEs.	• InvestEU implementation has started, calls for expression of interest for financial intermediaries have been published by the European Investment Fund (EIF).
2. Dealing with dependencies: open strategic autonomy in practice	

Adopt proposal to address the potentially distortive effects of foreign subsidies in the Single Market.	• Adopted in May 2021. • The draft text of the regulation was agreed by the co-legislators on 30 June 2022. It entered into force on 12 January 2023 and will start to apply on 12 July 2023.
Periodic review of strategic dependencies and monitoring of risks associated with strategic dependencies.	• Ongoing. • Report on EU strategic dependencies and capacities: second stage of in-depth reviews published in February 2022.
Explore international partnerships and cooperation to address strategic dependencies.	• Ongoing. • EU-US TTC Working Group on Secure Supply Chains launched in September 2021 with focus on critical raw materials, pharmaceuticals and solar energy value chains as well as a dedicated track on semiconductors. • EU-Ukraine Strategic Partnership on Raw Materials and EU-Canada Strategic Partnership on Raw Materials established in July 2021. EU-Namibia Strategic Partnership on Sustainable Raw Materials Value Chains and Renewable Hydrogen launched in November 2022. • New initiatives towards establishing additional mutually beneficial raw material valua chain partnerships in Africa, Latin America, Western Balkans and Australia, via trade agreements or Memoranda of Understanding. • Green Alliance with Japan launched in May 2021 and Green Partnership with Morocco launched in October 2022. • Joint statement of the EU_ASEAN commemorative summit (14 December 2022): aim to promote resilient, efficient, and environmentally, economically and socially sustainable global supply chains.
Launch of the Industrial Alliance for Processors and Semiconductor technologies.	• European Alliance on Processors and Semiconductor technologies launched in July 2021.
Launch of the European Alliance for Industrial Data, Edge and Cloud.	• European Alliance for Industrial Data, Edge and Cloud launched in July 2021.

Further European industrial Alliances.	• European Alliances are launched in the following areas:, Zero Emission Aviation, Renewable and Low-Carbon Fuels. • Zero Emission Aviation Alliance launched in June 2022 – first wave of alliance members launched in September 2022. • Renewable and Low-Carbon Fuels Value Chain Industrial Alliance launched in April 2022. • European Solar Photovoltaic Industry Alliance started in December 2022.
Reinforced action on SME supply chain disruptions and vulnerabilities.	• Ongoing. • EEN Expert Group report on SME resilience. • Supply chain resilience platform launched in September 2022.
Adopt a standardisation strategy.	• Commission proposal for an Amendment to Regulation 1025/2012 on standardisation adopted in February 2022 and political agreement between Council and Parliament reached in October 2022. • Dialouges on the EU-US TTC where alliances on strategic standardisation matters are brokered. • Standardisation booster and code of practice for researchers on standardisation launched.
3. Accelerating the twin transitions	
Co-creation of green and digital transition pathways for relevant ecosystems, starting with tourism, proximity and social economy, energy intensive industries, construction and mobility.	• Ongoing. • The Commission prepared in 2021-2022 staff working documents outlining possible scenarios for transition pathways for the tourism, energy intensive industries, construction, proximity and social economy and mobility ecosystems and invited stakeholders to reflect and contribute to the scenarios and list key enablers for the transition. • Transition pathway for tourism presented in February 2022 and for the proximity and social economy in November 2022. Transition pathways for other industrial

	ecosystems will follow.
Actions to promote renewable Power Purchase Agreements in the proposal for a revised Renewable Energy Directive.	• Proposal to revise the Renewable Energy Directive presented in July 2021 as part of the 'Fit-for-55' package and updated in May 2022 in the framework of the "REPowerEU" plan. The proposal includes measures to facilitate Power Purchase Agreements (PPAs).
Consider European approach for carbon contracts for difference in the proposal for a revised ETS Directive.	• The 'Fit-for-55' package presented in July 2021 includes a legislative proposal to revise the EU ETS Directive and a new Carbon Border Adjustment Mechanism.
Energy and Industry Geography Lab (EIGL).	• Launched in December 2021.