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# PRIORITIES FOR THE UPDATE OF THE EUROPEAN INDUSTRIAL STRATEGY

## EXECUTIVE SUMMARY

Europe's future is closely linked to the future of its industry, now more than ever given the profound impact the outbreak of COVID-19 had on already existing internal and external challenges. Despite the EU, member states and industry reacted rapidly to unexpected circumstances and key support measures were taken to alleviate the impact of the pandemic, European spirit was put at severe test.

We welcome the European Commission timely decision to update its industrial strategy. This update should fully acknowledge the impact of COVID-19 on the economy, including the possibility of a delayed recovery, develop around the urgency to restore the business' investment capacity, be based on a comprehensive approach to strengthen innovation and global competitiveness of European business and boost Europe's open strategic autonomy.

An ambitious industrial strategy is the best way to ensure the success of the twin green and digital transitions. The European business supports the goal of reaching climate neutrality by around mid-century, but the EU can only lead as global role model in climate protection if we manage the green transition while maintaining competitive value chains, jobs and companies. The digital transformation of our economies and societies is also a great opportunity, but must be supported by an incentivising investment climate and by developing trusted conditions for the safe deployment and use of new technologies. To fulfil the ambitious medium- and long-term targets of the EU for the green and digital transition and respond to the huge investments need, the level of financing support must be strongly upgraded in the EU. Both transitions must be financed with large investments, necessary to make the transition a reality, from public and private stakeholders, and channel them into the projects of the future.

It is crucial to restore freedoms of movement in the Single Market to pre-COVID conditions as soon as possible, deepen it in all areas, and focus on how the robustness of supply and value chains should be further improved through business-driven diversification. Pursuing an ambitious trade agenda is also of essence for the EU to remain a leading international actor, given the current trade and technological related challenges and assertive strategies pursued by important EU partners. Attention should also be paid to increasing funding for R&D and to the implementation of Important Projects of Common European Interest (IPCEIs), both key to boost our economic strength, competitiveness and resilience.



With its forthcoming update of the European industrial strategy, the European Commission has a golden opportunity to shape the future of our industry and companies and must allow them to fully grasp the opportunities and respond robustly to the challenges brought by a rapidly changing business environment. A solid and clear governance is key to implement an ambitious industrial strategy.

In this position paper BusinessEurope highlights the policy areas which are the most relevant to European industry and companies, and that should be at the core of the update. For each of them, we provide an outline of what is at stake and we propose a set of recommendations.



## INTRODUCTION

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BusinessEurope welcomes the Commission's announcement to update the industrial strategy. The updated strategy should fully acknowledge the impact of COVID-19 on the economy, including the possibility of a delayed recovery, develop around the urgency to restore the business' investment capacity and be based on a comprehensive approach to strengthen innovation and global competitiveness of European business. To pave the way for the recovery and sustainable and long-term economic growth, greater coordination at EU level is needed. We should make sure we position ourselves stronger in international competition, look more closely into strategic value chains and boost investments. It is essential that the strategy continues to build upon the fundamental principles of non-discrimination, competition and openness that underpins the success of the EU Single Market and Europe's strength globally.

A timely support will be crucial both in the short and longer-term, consisting of financial and non-financial measures.

This paper highlights six building blocks that should be at the core of the update, crucial to support the competitiveness of European industry. For each, it puts forward a set of recommendations.

## 1. COVID-19 AND THE LESSONS FROM THE PANDEMIC

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Since the publication in March 2020 of "A New Industrial Strategy for Europe", European industry - SMEs and larger companies alike - have been facing unprecedented challenges due to the outbreak of COVID-19. During the initial phase of the pandemic, we experienced how the Single Market started to crumble. Export restrictions were imposed, borders were closed, and European solidarity was put at severe test. It is now important that we learn from what happened and make sure we put policies in place to avoid that it happens again. For example, how can measures dealing with similar situations be made more coherent throughout Europe in the future, how to grant companies more predictability and a more harmonised approach on the EU Single Market, e.g. the lifting of restrictions in a more coordinated way. How should the robustness of supply and value chains be further improved, not by a protectionist reshoring approach, which is both unrealistic and economically unsound, but rather through business-driven diversification of value chains effectively supported by strengthening and fully using the potential of the Single Market and increasing the number of available markets for companies through ambitious free trade agreements.

From an economic perspective, the path back to pre-COVID output levels is likely to be long and uneven, with unusually high uncertainty. This new scenario calls for a possible reconsideration and adjustment of the priorities for European industry in order to overcome the current crisis, protect Europe's competitiveness, prepare for future comparable shocks as well as seize new opportunities supporting the renewal of industry.



## RECOMMENDATIONS:

- **ensure funds from NextGenerationEU and other support measures**, both on national and EU-level, are used by the member states to stimulate investments spurring and increasing productivity growth, long-term renewal, growth and competitiveness, without crowding out private investment, leading to competition distortions or substituting states budgets. Also, funds should be adequately used at national levels for projects leading to the green and digital transition, and tools such as cross-country projects or platforms for best practice sharing encouraged. Funds going to investment in strategic technologies should respect the principle of technological neutrality. Synergies among different EU financing programmes should be properly supported and implemented. Fast selection and approval procedures for the recovery projects are key, because too often (in the past) lengthy approval procedures have become an important limiting or delaying factor for infrastructure projects;
- **make clear how the use of the funds will be professionally monitored, benchmarked and how transparency and ex-post evaluation can be made possible to ensure an efficient use of the money** borrowed from future generations. We need to ensure money from EU level funds is well spent on projects with high value added. One idea to support this need could be the introduction of an overall, simple-to-use EU Recovery Scoreboard on how the recovery funds are used, not only to get an overview, but also to show how different member states have used their funds and learn from each other;
- **take coherently into account the key role of all-sized European companies, and SMEs in particular, for the economic recovery of European industry.** European companies are central to the EU's twin transition to a sustainable and digital economy and to Europe's smart technological sovereignty and resilience. Together with larger companies, SMEs have a central role to play in achieving an economically competitive EU including environmental and social goals. Policies should support the scale-up of European businesses, and a timely implementation of the SME strategy is key. It is essential to support SMEs strongly, taking account of their diversity in terms of size, age or sector, and there needs to be equal and direct access for start-ups and established companies to European projects.

## 2. BUSINESS CASE FOR GREEN AND DIGITAL TRANSITIONS



Sustainable competitiveness must be the aim and the green and digital transition remain the key pillar of the updated industrial strategy. The European business community supports the goal of reaching **climate neutrality** by around mid-century and agrees that the Green Deal is one of the key pillars of the European recovery plan. At the same time, there is still a certain inertia in terms of developing facilitating policy and support measures for industry. The EU can only lead as global role model in climate protection if we manage the green transition while maintaining competitive value chains, jobs and companies. Strong climate ambition requires strong and innovative companies. Companies must be supported in their transformation, and not



only with financial instruments, but also by enabling new business models, otherwise they will lose their competitiveness. In order to deliver on the Green Deal objectives, digitalisation of industry and society at large will be a key enabler.

The **digital transformation** of our economies and societies must be supported by an incentivising investment climate and by developing trusted conditions for the safe deployment and use of new technologies such as Artificial Intelligence and 5G as well as supporting our power in the industrial data economy, further developing reskilling programmes and digital and STEM (Science, technology, engineering, and mathematics) skills and incentivising more voluntary data sharing through Common European data spaces. The success of industrial data sharing will depend on a trustworthy, secure and cost-efficient data infrastructure and access to the best global technologies, as data processing will increasingly be done in the cloud and at the Edge.

Digitalisation is also a key to achieve climate and sustainability goals as it provides flexibility and scalability of production. Space and space-based applications are for example indispensable for the European industry in climate protection and sustainability, and key to future technologies (e.g. autonomous driving, Internet of Things (IoT) and big data applications). In this regard, joint European projects are crucial.

To fulfil the ambitious medium- and long-term targets of the EU for the green and digital transition and respond to the huge investments need, the level of financing support must be strongly upgraded in the EU. Both transitions must be financed with large **investments, necessary to make the transition a reality, from public and private stakeholders**, and channel them into the projects of the future (including renewable energies, low carbon mobility and necessary infrastructures, advanced smart manufacturing and building renovation). Market-based solutions and effective competition are pre-requisites. Public funding alone cannot create markets and will not be sufficient to cope with the challenge of transition.

#### RECOMMENDATIONS:

- **build new industrial alliances needed to achieve key EU policy objectives. European sustainable alternative fuels alliances for the use in all modes of transport** could support successful transition to a carbon-neutral continent while facilitating stronger cooperation and joint action between all interested partners. As a matter of example, for aviation and maritime sector. In order to advance climate protection in the transport sector and to further strengthen European mobility industry (manufacturer, supplier, mobility service provider, infrastructure provider, etc.) a technology-open and holistic approach to support the market ramp-up of propulsion and fuel technologies is crucial. Also, necessary funding measures should be explored to relieve the additional costs coming from new developments such as the use of sustainable alternative fuels in all modes of transport. The competitiveness of European transport sectors that are difficult to decarbonize quickly is a decisive location factor for European export-oriented industry. Therefore, double burdens and distortions of competition must be avoided. Furthermore, the EU should lead in the



development of a European and global hydrogen market and build alliances and international partnerships. It should prioritise the development of a functioning European hydrogen infrastructure and CO<sub>2</sub> networks, the introduction of an EU-wide classification and certification of climate-neutral gases as well as the development of the relevant market design and harmonised regulatory framework;

- **implement the recommendations of the recent EU Strategic Forum for Important Projects of Common European Interest (IPCEIs).** More should be done to encourage public and private investment in large research and innovation projects of common European interests that contribute to the Green Deal objectives and growth, jobs and EU global competitiveness, while fundamentally safeguarding a market and company driven European economy. This must be done in a transparent manner and not be about “picking winners” but about filling the funding gap and correcting a market failure because the high risks involved with such projects daunt private investors. Following the launch of microelectronics and batteries IPCEIs, there is strong momentum for IPCEIs which could represent a tool to strengthen European strategic autonomy in key industrial sectors. Other strategic technological fields and value chains identified by the European Commission should be considered. For example, Member States should quickly progress with the recently launched IPCEI on hydrogen. IPCEIs should not be seen as the only means to promote European key technologies and strategic value chains;
- **increase funding for horizontal R&D, primarily with a focus on industry-oriented collaborative research that contributes to market-driven investments and long-term competitiveness.** EU funding programmes and financial instruments should have the capacity to extensively support European research, science and innovation, public private partnerships as well as deployment and piloting of new technologies, not least in areas contributing to the digital and green transitions. Public funding of research and innovation should take place through open calls, with the priorities having been developed in collaboration with the actors. EU’s industrial competitiveness and its innovation performance can be fostered by supporting market-creating innovation via the European Innovation Council and the European Institute of Innovation and Technology;
- **ensure that the implementation and development of the sustainable finance agenda successfully supports the green transition.** A well designed and implemented Taxonomy Regulation has the potential to channel investments also towards activities enabling and contributing to the EU’s sustainability goals. As “Greening the green” will not be sufficient to reach EU’s ambitious climate objectives”, the Commission should particularly consider the Taxonomy as a tool to support the companies’ transition efforts and reaching EU’s sustainable objectives. The EU sustainable finance agenda should ultimately ensure that the ‘transition’ towards a sustainable economy can also be financed, as transitioning technologies, infrastructure and economic activities are indispensable in becoming climate neutral. It is important that the criteria



and disclosure obligations are proportionate, practicable, technology neutral and fit for purpose. Finally, the impact of the Taxonomy's should also consider SMEs. Although they are currently not in the scope of the Taxonomy, SMEs are part of the supply chain of companies falling in the scope of the Taxonomy;

- **develop a carbon pricing roadmap within the G20, in particular with key partners such as the USA, Japan and China.** It is crucial that the global community converges its carbon prices and in a first step **agrees on a common minimum price for 2030**. This will curb emissions and drive new investments all around the world, provide security of green investments and gives our European businesses a head start. Such an approach has the potential to reduce carbon leakage risks as well as trade disputes. By bringing the big players together others may follow the example soon;
- **make future proof connectivity, notably 5G networks available and practicable for industry across Europe and start investing in 6G R&D.** The goal should be a globally valid framework that allows broad industry access to the 5G-spectrum, no matter their region or proximity to digitally advanced cities. The European Commission should present a revised Action Plan for 5G to close investment gaps, supported with adequate financing measures through MFF and the EU recovery fund in areas of market failure, e.g. "white spots" / rural areas (as requested by European Council (Council Conclusions, 9/6/2020)). Local 5G campus networks are fundamental for European industry, enabling communication among machines, systems and plants at production sites. Therefore the allocation of spectrum resources should enable public nationwide and private local industrial 5G networks in the most efficient way to maximise usage of scarce spectrum resources and collaboration across sectors and with regulators should be facilitated to improve understanding of needs of various business cases and enable co-innovation. In addition, the Commission should have the foresight to develop a 6G action plan to ensure as early adoption as possible and consider boosting accompanying technologies like fibre and next-generation WiFi. Europe traditionally is a leader in (next gen) communications technology, but is challenged in 5G. To lead going into 6G, it needs to put more emphasis on strategic technology creating capacities for a leading position;
- **support a secure and trustworthy European data ecosystem, including access to cloud, edge and data storage infrastructure solutions to promote data access and sharing as well as the development of edge computing. This should rely on the principles of trust, openness, security, interoperability and portability.** EU investments in digital technologies are needed to underpin our digital and industrial competitiveness, initiatives based on openness and transparency supporting the formation of data ecosystems, like GAIA-X, a space-based European internet constellation that considers European start-ups and microlaunchers or the planned European Cloud and Data Ecosystem, and research in cybersecurity and cloud & edge computing should be further encouraged. The ability to transfer data between countries, both inside the EU and with countries outside, is central for companies in all



economic sectors. It is thus important that GAIA-X, the EU Cloud Federation and other similar projects maintain a clear focus on supporting technological capacity in the EU, while combatting technological protectionism. This will ensure that the EU does not deviate from its tradition of openness for trade and investment with the rest of the world. The European Alliance for Industrial Data and Cloud should leverage as much as possible the deliverables of GAIA-X. Duplication of activities between the Alliance and GAIA-X should be avoided. In this regard we support cloud and federated data projects such as GAIA-X, a European initiative that follows these principles and that should be based on fair competition, aims to achieve an open, federated, secure and trustworthy data and cloud infrastructure to boost data-driven innovation for the European industry, as well as ensuring European business maintain access to a variety of offers and solutions that best support their global operations and competitiveness. Access should be non-discriminatory and open to all players after having assessed that they comply with relevant rules/fulfilled certificate requirements. European cloud initiatives should realise synergies between national cloud initiatives and related activities at European level, leveraging the computing capabilities within Member States, including High Performance Computing (HPC) capabilities;

- **support the safe development and deployment of trustworthy Artificial Intelligence to the benefit of our economy and societies, in a way that advances trust and respects European values and human rights.** More specifically, through taking a “risk-based” approach and incentivising relevant actors to adopt governance standards and procedures that support their efforts to operationalise trustworthy AI, to allow the full benefits of AI to support business processes and machine-to-machine communications, sustainable mobility, healthcare, distributed energy systems, efficient building and construction and many other industrial technology areas but also to enable companies to safely introduce this technology in their production processes while helping them to identify and mitigate relevant risks of AI;
- **increase the number of STEM graduates and advocates that 25% of all tertiary graduates should study STEM-related subject areas by 2030** (it is currently around 21%). Important for reaching this target is to arouse pupils’ and students’ interest for STEM subjects and to increase female participation in tertiary level STEM subjects and their following job/career choice. STEM and digital skills are particularly important for Europe’s industrial strategy. STEM skills help to foster innovation as well as systemic and critical thinking in a number of areas and are not confined to four subjects alone. In line with the objectives of the Osnabruck Declaration, which establishes the priorities for EU level cooperation in vocational education and training (VET) over the next five years, curricula need to be updated in a timely and effective way in view of evolving labour market needs. It is also necessary to develop new curricula in secondary and tertiary education that addresses the skills needs of industry, both through general and VET pathways. For example, educational



programmes are needed that train people in subjects, such as data analytics, AI, and cybersecurity. Furthermore, having in mind the proposals in the area of legal migration in the EU's new Migration and Asylum Pact, legal migration policy also has a role to play in attracting adequately skilled labour from third countries to facilitate companies' access to the skills that they need;

- **preserve and, where necessary, upgrade the strong EU framework on Intellectual Property (IP)**, implementing IP policies to help businesses, including SMEs, to protect and capitalise on their inventions and creations. This is particularly important to ensure the continued participation of EU industry in the development of key technologies like 5G and beyond. A solid IP framework can support the digital and green transitions and is a critical factor for the global competitiveness of EU industry.

### 3. 21ST CENTURY COMPETITION POLICY AND STATE AID RULES

Promoting competition and level-playing field is essential. The EU competition and state aid rules must continue to be an effective tool to address actions that restrict competition in the EU Single Market. EU competition rules are, and have been, a prerequisite for creating the effective competition that currently exists in the EU Single Market. Competition drives efficiency, innovation and rewards companies based on merit. The EU's current rules are broadly adapted to meet the challenges of the future; however, in some area they may need to be supplemented and updated, particularly in how they deal with the ways in which markets are changing through globalisation and digitalisation. It is although essential that this does not lead to any distortion of the competition in the EU Single Market.

#### RECOMMENDATIONS:

- **safeguard open, fair and efficient markets where companies can invest** in digitalisation and climate friendly production and operation, reduce red tape, assure that regulations are stable and long term, that investments are not crowded out by public intervention or subsidized companies, be it from member states or third countries;
- **complement rules on antitrust, mergers and state aid**, fundamental to ensure well-functioning markets and address unfair competition from state-subsidised companies and third states. A new legal initiative aimed at addressing distortive foreign subsidies is welcomed provided it is effective, addresses the root causes of the problem and is balanced and directed at the most distortive subsidies without introducing excessive new red tape to companies on the EU Single Market;
- **modernise State aid rules to accelerate the green transition, reflecting new technology trends and the global reality in which EU industry**



**compete.** Clear State aid rules are fundamental to ensure a level playing field and ensure that State aid expenditure is kept at reasonable levels and targets market failures. The green transition requires deployment of new technologies, building low-carbon infrastructure and production facilities, roll-out of decarbonisation technologies etc. which will require increased investments and additional costs for industries in Europe (*further information may be find in BusinessEurope [position paper](#) Revision of the Energy and Environmental State Aid Guidelines*);

- **provide clear guidance on antitrust rules in relation to green deal objectives.** EU rules on horizontal cooperation should encourage companies to collaborate to carry out joint technology development or achieve objectives of other EU policies when this is justified and can be done without distorting competition, for example when projects are very big in scope, requiring different kind of competences and skills, possibly from different sectors. Existing policy should improve and provide more legal certainty for companies that want to develop new projects.

#### 4. FORWARD-LOOKING EU TRADE AGENDA



Pursuing an **ambitious international trade agenda regarding multilateral framework and on bilateral level**, an updated industrial strategy and a timely implementation of the SME strategy should be mutually supportive and reinforcing. This is of essence, not only because of the opportunity for renewed transatlantic cooperation based on the new EU-US Agenda for Global Change, but because the current geopolitical environment results in trade and technological related challenges and assertive strategies pursued by important EU trade partners, such as China. An open trade policy can promote both new opportunities to access third markets and access to critical inputs – raw materials, intermediary goods, final goods, services and investments as well as new technologies for the benefit of EU production and the economy as a whole. Trade rules at different levels, from the multilateral to the bilateral and the unilateral, must address market distortions and ensure a level playing field. An open strategic autonomy can only be achieved by reinforcing the Single Market, our own strengths and competitiveness.

##### RECOMMENDATIONS:

- **ensure that the EU remains a leading international actor promoting multilateral framework and cooperation, its economic interests, standards and values.** The EU needs to maintain an ambitious and forward-looking trade agenda having the digital transformation and the green transition at its core. Regarding the digital transition, progress is needed with ambitious WTO e-commerce negotiations, and further



multilateral and bilateral agreements that include ambitious provisions in key areas like on digital trade, regulatory standards and cross-border flows of data are also welcomed. Trade agreements can and should significantly contribute to fostering regulatory cooperation and international standard setting in new technologies, reducing technical barriers to trade, avoiding digital protectionism, strengthening intellectual property rights and data protection thereby improving Europe's industrial competitiveness. The EU needs to continue to pursue bilateral trade negotiations in fast growing regions around the world, such as Asia-Pacific, as well as in our neighbourhood. Together with like-minded countries the EU should lead the reform of multilateral framework WTO to make it fit for the purpose;

- **ensure the EU develops a positive and strategic trade and technology agenda and cooperation with the new US administration, rebalances its relationship with China for which the Comprehensive Agreement on Investment constitutes a positive step and develops a strategic dialogue and cooperation with the UK.** The EU also needs to ensure that concluded trade agreements are ratified and implemented as rapidly as possible, for example the EU-Mercosur agreement;
- **make European companies, especially SMEs, benefit from trade and investment opportunities.** We welcome the efforts from the European Commission to communicate more and better about existing EU trade agreements and the opportunities they create for European companies. Manufacturing in Europe has only a future if it can use economics of scale and its products and services can access key markets via export. Therefore, new market access and easy usability of trade agreements play a key role. We can still improve the uptake of existing trade agreements by SMEs by improving coordination between European and national promotion activities or by simplifying some of the requirements for companies to obtain preferential access to markets;
- **be more effective in safeguarding EU interests as well as mitigating market distortions.** The EU should ensure that our trading partners respect their commitments either taken in the context of the WTO or bilateral trade agreements. The EU should also put in place the necessary tools to mitigate market distortions and ensure competitive neutrality for instance in the area of procurement via the adoption of the International Procurement Instrument. In parallel, the EU should continue to promote global rules and build on existing international frameworks;
- **should a carbon border adjustment mechanism (CBAM) be introduced, we must ensure WTO compatibility and complementary to ETS carbon leakage protection measures.** The EU needs to engage with our major trading partners at an early stage to limit the risk of trade retaliation. Existing well-functioning carbon leakage protection must not be replaced by an untested mechanism without at least providing for a transition phase that also gives predictability for economic operators.



## 5. FREEDOMS OF MOVEMENT IN THE SINGLE MARKET

The European Single Market is our greatest asset. To support European industry - SMEs and larger companies alike - it is crucial not only to **restore freedoms of movement in the Single Market to pre-COVID conditions as soon as possible but also to improve it in all areas** (goods, services, mobility, health, energy, capital and digital) and tear down all the barriers that weigh on its development, ensuring the smooth operation of supply chains and value creating networks within Europe. Long-standing obstacles to cross border labour mobility and provision of services must be addressed. The Commission's over-prescriptive policy on harmonised European standards for goods should be urgently adapted to ensure the system is a driver of European industry competitiveness. It is essential for the global relevance of European industry that the EU remains the leader in international standardisation and adopts harmonised European standards to match the latest state-of-the-art developments in a timely manner. Efforts to remove bureaucratic red tape and prevent the creation of new regulatory barriers should scale up as companies have to address more and more regulatory complexity with increased compliance costs. Remaining barriers to the free flow of data must be removed.

### RECOMMENDATIONS:

- with the ongoing evaluation of the New Legislative Framework for products (NLF) that is key for European industry, **preserve the basic NLF principles** of separation of the essential requirements laid down in product legislation, on one hand, and description of their technical realisation according to the state of the art in product-specific voluntary standards, on the other. For the product framework to bring benefits to businesses and society at large, the NLF assessment should seize this opportunity to **urgently revise the Commission's policy of treating harmonised standards as part of the EU law and accordingly adjust the respective standardisation procedures**, as this approach contradicts the well-established NLF principles and harms industry competitiveness;
- **conduct a fresh assessment of authorisation and licensing regimes** in Member States, with a view to a further opening of services markets and lift the restrictions for all mobile workers on an equal foot; **reinforce application of proportionality assessments** of national regulations under the Services Directive **and transparency** in this regard;
- **keep European and global transport routes as well as supply chains open for cross-border operations and sustainable.** It is of great importance for European companies that logistics and supply chains continue to function smoothly. Cross-border and international transport of products as well as people to enable service provision must be secured and further improved in coordination with the international community. International cooperation is



necessary to set practical measures to remedy the situation and enable greater resilience of and across all modes of transport.

## 6. A TRUE INDUSTRIAL STRATEGY GOVERNANCE

A solid and clear governance is key to implement an ambitious industrial strategy. In this regard, we welcome the creation of an Industrial Forum. The Industrial Forum should operate on the basis of principles of transparency and political accountability. The intention of the Commission to build on the work done by the Industry 2030 High Level Industrial Roundtable, the Strategic Forum on IPCEIs and other bodies as well as the pledge to systematically analyse the different ecosystems and assess the different risks and needs of industry requires further considerations. However, it is still unclear what the work with ecosystems may deliver, the selection process for these and the work of analysing them have been characterised by a lack of transparency. For instance, on the industrial ecosystems, it is worth noting that businesses already form natural ecosystems through common interest, and they span cross-sector and involve also public authorities and academia. In addition, some concerns have emerged that the ecosystems approach could lead to a narrow focus on targeted measures to a selected number of sectors. If specific initiatives based on ecosystems are to be launched, it is important they build on existing ecosystems, do not interfere with these or the development of new ones, and are targeted at enhancing cross-sectoral cooperation.

### RECOMMENDATIONS:

- **upgrade the monitoring around the competitiveness of European industry.** The strategy needs to be tracked against a set of key performance indicators (KPIs) for the purpose of effectively monitoring the competitiveness of EU industry. This should include a combination of a limited number of suitable KPIs. A benchmark comparison with other regions and countries, including but not limited to China and the US, will be key;
- **clarify the role stakeholders can play in industrial ecosystems,** how to structure dialogue on the overall approach, in particular around the key project pipelines that will allow the different industrial ecosystems to not only recover from the COVID-19 crisis but also accelerate investments into green, digital and resilient transformation needs. Moreover, while ecosystems capture the way industry operates in integrated value chains, it is also important to clarify the selection process, the scope of each ecosystem and the definition of strategic value. The European Commission needs to be open to both revising how ecosystems are defined and used, but also to which sectors are examined, so that the tool is not overly selective;
- **introduce impact assessments on substantive amendments made in the course of co-decision deliberations by the co-legislators, in order to limit regulatory burden not intended or assessed with initial Commission**



**proposals.** To facilitate this, all three EU institutions should be equipped with adequate analytical capacity.

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