



European
Commission



An EU industry fit for the future

May
2019

TOWARDS A MORE UNITED, STRONGER AND MORE DEMOCRATIC UNION



'Our internal market is Europe's best asset in times of increasing globalisation. I therefore want the next Commission to build on the strength of our single market and to fully exploit its potential in all its dimensions. We need to complete the internal market in products and services and make it the launch pad for our companies and industry to thrive in the global economy, also when it comes to agricultural products.'

Then candidate for European Commission President, Jean-Claude Juncker,
Political Guidelines for the next Commission, 15 July 2014

The Juncker Commission pursues policies that provide an ecosystem for Europe's industries to thrive in. This empowers industry to create quality jobs in a strong and fair single market, boost Europe's competitiveness, foster investment and innovation - for example in clean technologies - and support regions and workers affected by industrial change.

OUR INDUSTRY:

Employs almost **37 million people** directly and created **1.7 million jobs** since 2013

Accounts for more than **2/3 of our exports**

Is growing again and now represents **25% of the EU's Gross Value Added**

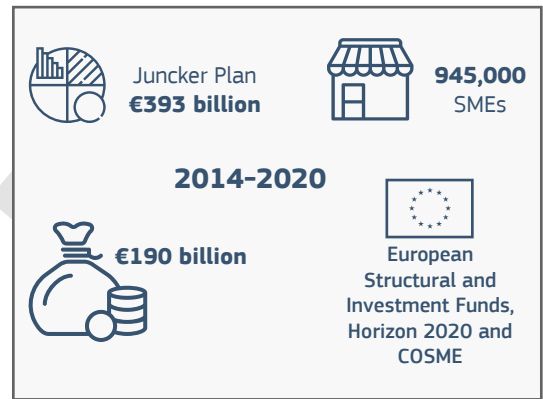
Europe's industry has retained global leadership in many sectors. However, in a changing world our industry must adjust and adapt to remain ahead of the curve. With its industrial policy strategy, presented in September 2017, the Commission has brought together all existing and new initiatives relevant for industrial policy into one comprehensive strategy, which will help make EU industry fit for the future.

SIGNIFICANT EU INVESTMENTS GEARED AT INDUSTRIAL INNOVATION

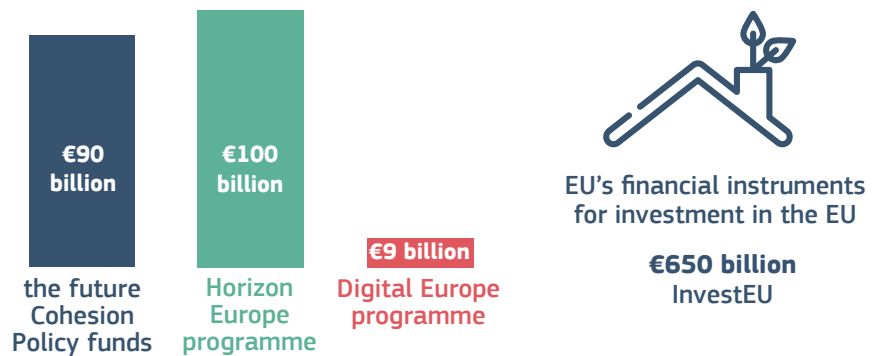
Since 2015, the Juncker Plan has mobilised €393 billion of investment and supported 945.000 small and medium businesses across all Member States.

In the 2014-2020 EU budget period, almost €190 billion from the EU budget is invested in research, innovation and the competitiveness of SMEs under the European Structural and Investment Funds, Horizon 2020 for research and development and COSME, the EU programme for the Competitiveness of Small and Medium-Sized Enterprises, helping SMEs get better access to finance.

In its proposal for the next long-term EU budget for 2021-2027, the Commission proposed to increase funding for investment, research and innovation:



Next long-term EU budget for 2021-2027 for investment, research and innovation



AN ESSENTIAL LEVEL PLAYING FIELD FOR COMPANIES: OUR SINGLE MARKET

Thanks to the single market, one of the largest markets in the world, EU companies benefit from a unique springboard to compete globally. They have access to more than 500 million consumers, benefit from more diverse, higher quality and cheaper inputs and operate under cutting edge standards, which position them well to take the lead globally. Consumers benefit from more choice, innovative products and better prices thanks to fewer technical, legal and administrative barriers. The Commission works constantly to increase the benefits of the single market:



The EU framework provides regulatory predictability and unprecedented investment, funding and business opportunities in key sectors of the economy, thanks to the following measures:

- The establishment of a Digital Single Market;
- The deepening of the Energy Union;
- The progress on the Clean and Circular Economy;
- The increased use of new EU-funded space infrastructure and services;
- The accelerated completion of the Capital Markets Union.

FOCUS ON STRATEGIC BUSINESS AREAS

To strengthen our industrial base, Europe needs to build on its strengths and assets. Artificial intelligence, batteries and cybersecurity are some of the many **strategic and future-oriented business areas** where boosting Europe's competitive advantage can generate growth across industrial sectors, value chains and regions, all while strengthening the EU's role on the global stage. Europe needs more industrial cross border cooperation, with strong European players in such key business areas. EU Member States and companies must join forces to stay at the forefront of the technological revolutions that will drive our competitiveness and economic development, by shaping the conditions for their development and use, ensuring respect of European values.

In international trade negotiations, where the EU negotiates with a single voice, the single market is also a great asset for our Union, since it gives trading partners access to a market of 500 million consumers. This gives the EU significant leverage in terms of access to foreign markets and creating new business opportunities for European companies. One such recent example is the Economic Partnership Agreement with Japan, the biggest trade agreement in force.

The EU has put in place flexible State aid rules to facilitate **Important Projects of Common European Interest**. These comprise innovative research projects that often entail significant risks and require joint, well-coordinated efforts and transnational investments by public authorities and industries from several Member States. The Commission fully supports Member States and their companies coming together to enable such important projects. The Commission is doing its utmost to facilitate such cooperation with positive spillover effects across Europe.

In December 2018, the Commission approved, under the State aid IPCEI framework, €1.75 billion of public investment, which will unlock an additional €6 billion of private investment for research and innovation in microelectronics. Four European countries – France, Germany, Italy and the UK – and around 30 companies and research institutions will join forces to enable research and innovation in this key technology. This was the first research and innovation project approved under the special, leaner rules for State aid for projects of strategic European interest.

Important joint efforts and investments are being made on **high-performance computing, microelectronics and batteries**.

The Commission has identified another 6 areas of strategic European interest that could potentially lead to future Important Projects of Common European Interest:



**Connected, clean
and autonomous
vehicles**



**Hydrogen
technologies and
systems**



Smart health



**Industrial Internet
of Things**



**Low-carbon
industry**



Cybersecurity

The European approach to **Artificial intelligence and robotics** ensures that technological, ethical, legal and socio-economic aspects are taken into account, while boosting the EU's research and industrial capacity and putting Artificial intelligence at the service of European citizens and the economy.

The Commission also aims to provide industry and businesses with access to world-class supercomputers thanks to its **High Performance Computing (HPC) Joint Undertaking**, and is developing a common EU approach to the security of **5G networks**.

At the end of 2018, the EU agreed on the Cybersecurity Act, which reinforces the mandate of the EU Agency for Cybersecurity to improve the support for Member States in this field and establish an EU framework for boosting the **cybersecurity** of online services and consumer devices.

A SOCIALLY FAIR APPROACH TO INDUSTRIAL TRANSITION



The European Pillar of Social Rights provides a comprehensive policy framework to steer employment and social performances across the European Union.

In line with the principles of the European Pillar of Social Rights, the Commission is rolling out a Skills Agenda for Europe to help bridge the skills gap and support workers in developing new skills, especially digital, for today's and tomorrow's job markets.

Under the next long-term EU budget, the strengthened European Social Fund - rebaptised European Social Fund Plus - will continue to invest in the skills of Europe's workforce.

In the event of company restructuring, the European Globalisation Adjustment Fund can step in to support European workers who lost their jobs through dedicated training and employability measures.

To help regions stand their ground in a globalised economy and a changing world, the EU has been helping them to invest in their niche areas of competitive strength (so-called smart specialisation) and partner with other regions to create innovation clusters.

EU budget 2021-2027

The European Social Fund Plus



European Globalisation Adjustment Fund



A LONG-TERM VISION FOR A CLEAN AND CIRCULAR ECONOMY



25%
Climate

With the Commission's proposal to have 25% of the next EU budget contributing to climate objectives, the EU will stay at the forefront of the decarbonisation transition.

Industry will benefit from new business solutions and technologies and new job opportunities will be created.

- The Commission set out a vision to become climate neutral by 2050. This strategic steer is essential to drive investments forward and make sure our industry remains cutting edge in providing the solutions and products which the world of tomorrow needs.
- The Commission has proposed new emissions limits for CO₂ and air pollutants, introduced more reliable, stricter emissions tests and reformed rules on how a car is placed on the EU market.
- The Commission's Circular Economy Action Plan unlocks industrial opportunities by using innovative, resource-efficient ways to provide products to customers.
- The Commission proposed to drastically reduce the use of single-use plastics and restrict the use of microplastics while increasing the recycling of plastic packaging on the EU market, including all plastic packaging by 2030, ensuring the commitment of key industries.
- The Capital Markets Union will ensure that the financial sector is playing its role in the transition towards a less carbon-dependent economy.
- The Commission also proposed an EU-wide classification system, which will allow investors and financial institutions to determine whether activities and investments are sustainable.

WELCOMING FOREIGN DIRECT INVESTMENT WHILE PROTECTING ESSENTIAL INTERESTS

Foreign direct investment from third countries is a source of growth and jobs.

The EU has one of the world's most open investment regimes, as acknowledged by the OECD.

The EU wants to and will remain the most attractive destination for foreign direct investment in the world. However, in exceptional cases, foreign investments could represent a risk for security or public order by affecting critical technologies, infrastructure, inputs or sensitive information. In some cases, the risk may be exacerbated by the fact that investors are owned or controlled by the state of a third country.

To address such risks, the EU has adopted a European framework to screen foreign direct investment. Over the next 18 months, the Commission and EU Member States will take the necessary steps to make sure that the EU can fully apply the Investment Screening Regulation as of 11 October 2020.

USING THE TRADE DEFENCE FRAMEWORK TO ITS FULL EXTENT

The EU's trade defence rules in force since May 2018 include a new anti-dumping methodology and modernised instruments allowing the imposition of higher duties in some cases, and reflecting social and environmental standards. Using the trade defence framework to its full extent, the EU currently has **135 anti-dumping and anti-subsidy measures in place**, as well as 3 safeguards.

A EUROPE THAT PROTECTS



135

**anti-dumping and
anti-subsidy measures
in place**



defending a total of
334,000
direct jobs



including
216,000
jobs in the steel sector

A SINGLE MARKET FOR PUBLIC PROCUREMENT

The establishment of a single market for public procurement is one of the EU's key achievements.

However, the increasingly global nature of public procurement markets has revealed obstacles and loopholes that impede a level playing field in practice. The EU public procurement market is one of the largest and most open in the world. In Europe, companies from other countries can bid for public tenders on an equal footing with European companies. However, many of the EU's major trading partners apply restrictive practices that discriminate against EU businesses. The Commission is currently reflecting on a more strategic approach to the EU's procurement framework, including how to strengthen the application of EU rules in public procurement procedures conducted on the basis of international agreements and ensuring a high standard of quality, security, sustainability and social responsibility in all procurement benefitting from EU funding.

As part of this, the Commission, together with Member States, will, during the course of 2019, conduct an overview of the implementation of the current framework and publish a guidance on the legal framework on participation of foreign bidders and goods in the EU market.

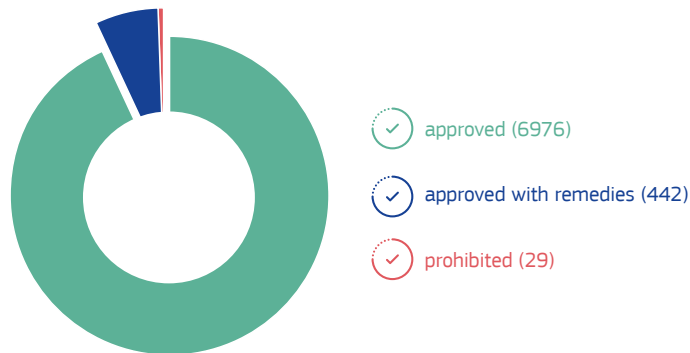
And the EU needs instruments to have leverage and ensure reciprocity. That is why the European Commission presented in 2016 a revised proposal to create an International Procurement Instrument. The Commission calls on the European Parliament and EU Member States in the Council to restart discussions and adopt the International Procurement Instrument before the end of 2019.

ENFORCING COMPETITION POLICY FOR THE BENEFIT OF CONSUMERS AND BUSINESSES

Since 1958, EU competition rules have supported Europe's industry and have coexisted with EU industrial policy objectives without preventing Member States from pursuing their industrial goals.

In today's global markets, a company is not going to be competitive abroad if it is not competitive at home. Competition policy with its different instruments not only ensures that we have open and fair competition within the internal market and fair prices for customers but also ensures that our companies have an incentive to remain competitive.

EU merger decisions since 1990



EU MERGER CONTROL

EU merger control rules were agreed and adopted by EU Member States to ensure that consumers and business customers do not suffer in terms of higher prices or less choice.

These rules allow companies to grow by buying other businesses whilst keeping markets open. Prohibitions of mergers remain exceptional and typically concern cases where the merging parties are not ready to submit appropriate remedies, which are viable and sufficient in scope to address the harm identified. EU merger control rules were agreed and adopted by EU Member States to ensure that consumers and business customers do not suffer in terms of higher prices or less choice.

The Commission also looks carefully at whether the markets affected by a merger are local, national, Europe-wide or worldwide, considering factors such as how easily products can be transported over long distances and the extent to which customers trust the quality and reliability of supplies from outside Europe. The competitive pressure of existing or potential competitors outside Europe is included in the Commission's analysis of the effects of a merger. With growing globalisation, the percentage of markets defined as worldwide in EU merger investigations has accordingly grown over the years.