

EU OPEN FOR BUSINESS – A NEW COMPASS FOR SMEs

26-28 MAY 2021

The EU's updated Industrial Strategy and what it means for SMEs

Crispin Waymouth, Deputy Head of Unit, Industrial Forum, Alliances, Clusters Unit, DG GROW

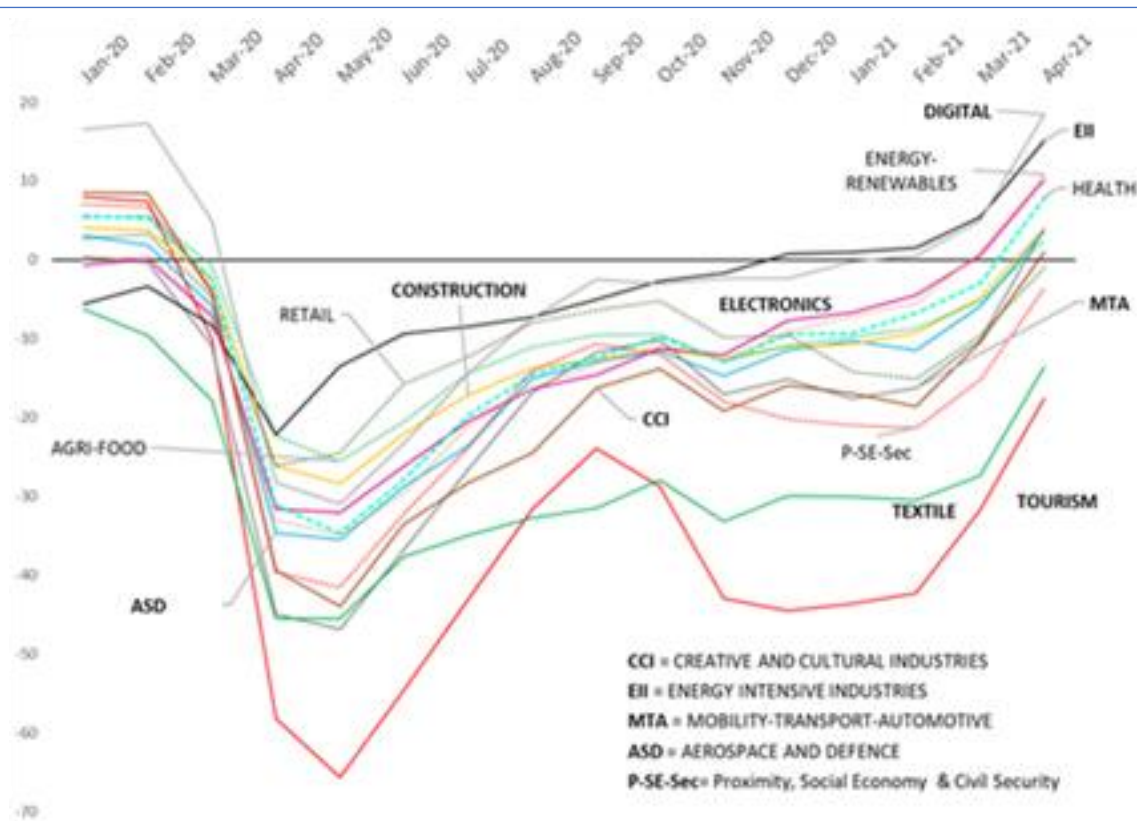
- **Why was an update needed?**
- **Lessons from the COVID-19 crisis**
 - **Strengthening Single Market resilience**
 - **Analyse and address strategic dependencies**
 - **Accelerating the twin green and digital transitions**
- **What does it mean for SMEs?**

Industrial Ecosystems in Europe



Impact of crisis across ecosystems

Confidence Indicator



Source: GROW calculations based on Eurostat and EC business and consumer surveys

Note: Data reported in this graph may underestimate the impact on Cultural and Creative industries and Proximity, Social Economy and Civil security

Lesson 1: Strengthen Single Market resilience

Key actions: Single Market Emergency Instrument

Disruptions in the Single Market

Disruptions in free movement of people, goods and services

Poor coordination and information sharing on restrictions

Disruptions in supply chains and lack of essential products

High volumes of non-compliant goods to be checked

Single Market Emergency Instrument

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

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

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

Strengthened public procurement cooperation

Key actions: Deepening the Single Market



Services

- Business services
- Posting of workers

Faster and easier cross-border service provision



Goods

- Strengthening Single Market surveillance
- Standardisation

Better circulation of safe, compliant goods



Analysis (SWD1)

- Annual Single Market report
- Ecosystems approach

Monitoring of the Single Market economy



SMEs

- Capital and equity financing

InvestEU, national schemes

Lesson 2. Analyse and address strategic dependencies and capacities

Key actions: Building a toolbox to reduce and prevent strategic dependencies

- Some strategic dependencies caught Europe by surprise and underprepared
- SMEs are particularly vulnerable
- Diversify supply
- In some areas, EU lacks domestic strategic capacity
- We have successful examples of building capacity in Europe (e.g. Battery Alliance)

Update of the New Industrial Strategy

- Ensure **periodic review** of strategic dependencies and monitoring of risks associated with strategic dependencies
- Provide specific support to increase **resilience of SMEs**

- **International partnerships & cooperation** (e.g. transatlantic relationship to address common dependencies)
- **Industrial alliances**: Alliances on processors & semiconductors, on industrial data, edge and cloud, on Space Launchers, on Zero Emission Aviation
- Support development of new **IPCEIs**

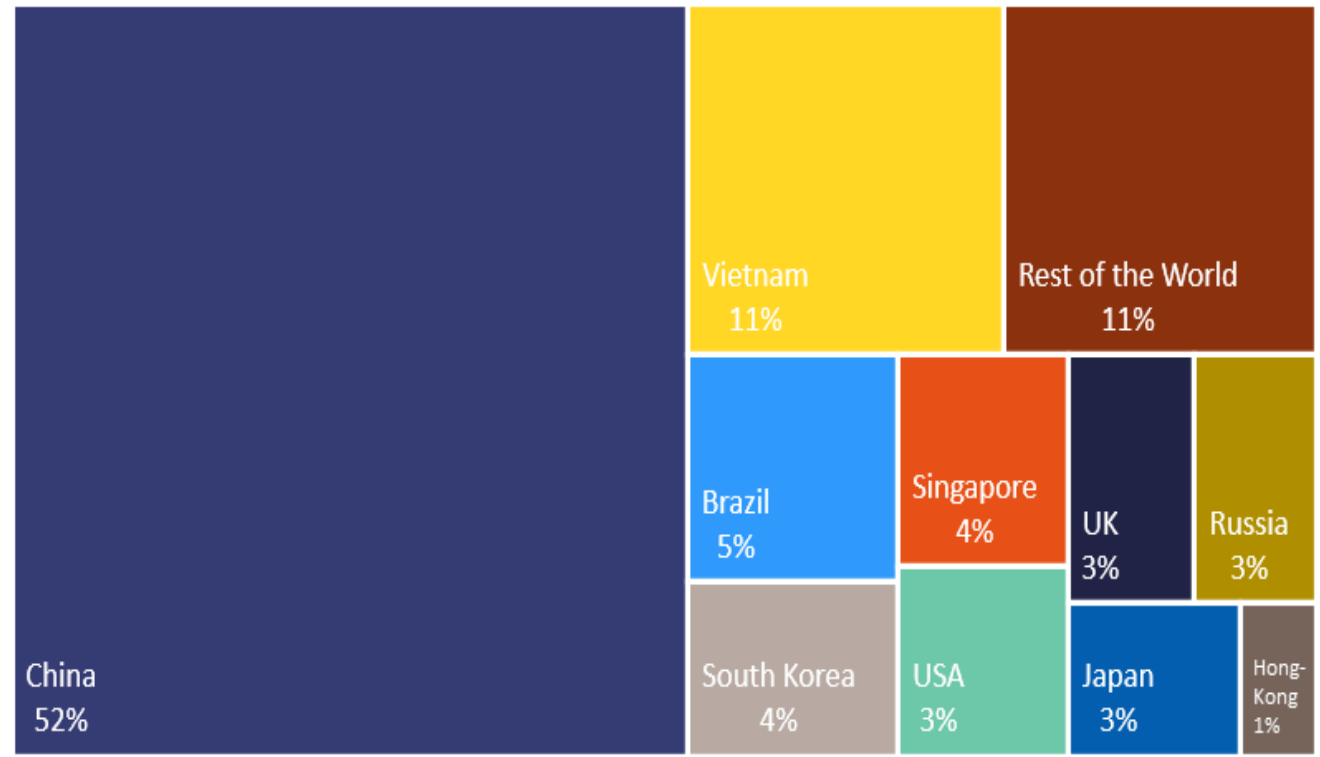
- Horizontal measures:
 - **Standards**: standardization strategy (Q3/21)
 - Proposal to address potentially **distortive effects of foreign subsidies** in SM (5/5/21)
 - **Public procurement**: guidance (Q1/22)

6% of EU product imports are highly dependent and situated in sensitive ecosystems

Main messages

1. **Dependency:** high concentration of imports and limited production in the EU
2. **“Bottom-up” screening:** 137 products in sensitive ecosystems (6% of EU total import value of goods) for which the EU is highly dependent
3. **Origin of dependencies:** More than 50% originates in **China**

Identified 137 dependencies by origin (% imports)

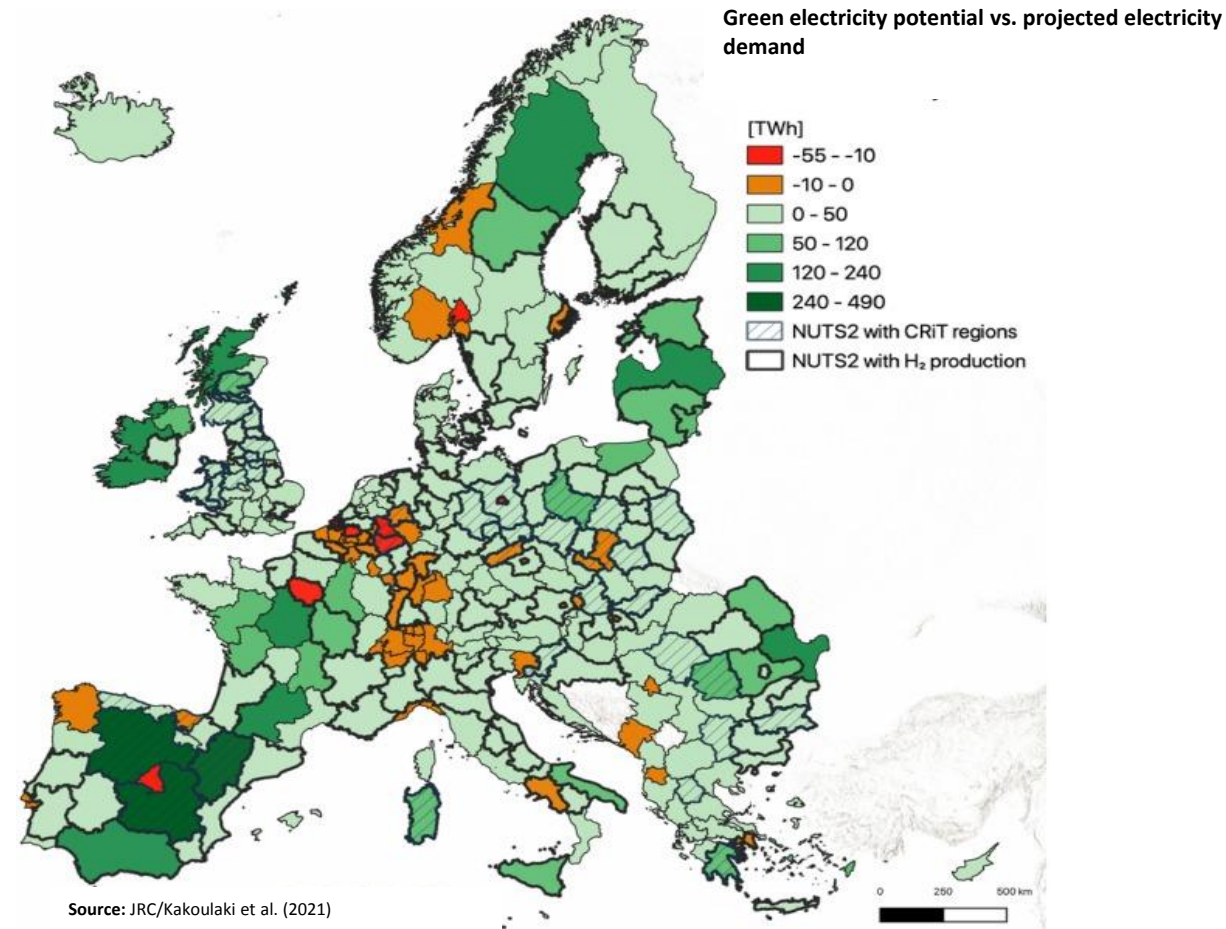


Lesson 3. Accelerating the green and digital transitions

The green business case

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

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



Supporting SMEs in the Industrial Strategy Update

