



EU Industrial Strategy

Unlocking the power of industrial innovation to create a prosperous, sustainable and safe Europe

FOREWORD

The COVID-19 outbreak represents an unprecedented situation, and priority should be given to help tackle the pandemic. Industry stands ready to contribute and help manage the immediate medical needs and mitigate the wider socio-economic impact of COVID-19 in the EU.

This document focuses on the longer-term approach for an industrial strategy. After the crisis, a strong industry will be essential to ensure Europe stands ready to tackle the socio-economic consequences of the crisis, and to rekindle Europe's economies and safeguard the prosperity and wellbeing of its citizens.

1. CONTEXT

The future of the EU lies in its ability to create a healthy, prosperous, sustainable, and safe Europe for its citizens. Industry is the backbone of Europe's ability to achieve these goals. The objective of Europe's new industrial strategy must be to lead the EU in its twin digital and climate transformation, and to reach the targets of the Green Deal for the benefit of people, planet and businesses alike. Europe is already the world leader in the transformation to climate neutrality and a sustainable circular economy.

In order to fully realise Europe's potential, we need to support the future technological leadership of Europe's industries. We need to put globalisation and technology at the service of all European citizens. Technology solutions, combining the physical and digital worlds, are key to providing solutions to the most pressing societal challenges the EU faces, from mitigating the socio-economic consequences of the COVID-19 pandemic to tackling climate change, sustainability and demographic change.

For the EU to lead the transformation of its economy to a future in which it is carbon-lean, circular and internationally competitive, Orgalim believes a new type of industrial strategy is required. This strategy should be based on three overarching strategic imperatives for the EU:

- > Embrace the innovation-led transformation of European industry
- > Enable EU industry's long-term global leadership and competitiveness

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> Turn global challenges, including climate neutrality, into drivers of prosperity

In [Orgalim's '2030: an industry vision for a renewed Europe'](#) we outline our broad vision of an industrial strategy based on these strategic imperatives. With this paper, we are putting forward the concrete measures we believe are needed.

We strongly believe that at the heart of an industrial strategy needs to be a functioning open market based on free and fair competition, with a level playing field both across Member States and companies of different sizes. We also recognise, however, that Europe must carve out its future position in a more aggressive, and less fair and rules-based global competitive environment. This calls for a more strategic approach towards unlocking the potential of Europe's future-oriented industries and deploying all available private and public instruments to drive their development and their deployment. The below outlines Orgalim's views, building on our Vision 2030.

2. AN INTEGRATED AND AMBITIOUS APPROACH TO THE EU'S INDUSTRIAL STRATEGY

2.1. A competitive and sustainable European industry as a foundation for a strong Europe

The goal to make Europe an influential, prosperous, and sustainable region can only be achieved with a competitive and innovative industry at its heart. A modern and sustainable economic model which could become a model for the rest of the world must be based upon a strong industrial base and innovation capacity. Industry not only provides most of the jobs, it also provides two-thirds of the R&D-spending¹ and turns the ideas needed for a sustainable future into market-ready solutions.

When shaping the future, Europe has two key assets: the Single Market, as a space of common values, harmonised regulation, fair competition and scaling potential; and the economic fabric of companies of all sizes ranging from start-ups to SMEs, midcaps and big international players. A modern and effective industrial policy must leverage these assets to their fullest extent.

It is therefore essential to focus the industrial strategy on the goal to make Europe a thriving and top-class place for sustainable growth and innovation. The first goal of the industrial strategy must be to encourage fair and healthy competition and set a future-proof framework consisting of a stable and consistent regulatory framework, favourable investment conditions, top-class infrastructures (including energy, transport and communication), excellent education systems, and performing R&I-ecosystems.

A modern European industrial strategy must build upon the power of fair markets with real prices, the ingenuity and competitiveness of its companies. Direct state intervention, determination of technologies and politicisation of economic processes will lead to distortion of competition and inefficiencies and must be avoided.

2.2. A strategic approach to Europe's global competitive position

The EU needs to adopt a strategic approach to strengthen its ability to pursue its own course in a rapidly changing global context. The twin priorities of digital and the green transition will fundamentally redraw the fabric of the world's economies and societies over the next decade. It is essential that Europe continues to be a leader in this transition and beyond, and hence we support consideration of Europe's strategic autonomy, provided that the right instruments are being used.

This objective has multiple dimensions. For the purposes of this paper we will address the industrial and technological dimensions that we believe are key to strengthening Europe's autonomy. Specifically, we want to

¹ Eurostat, 2018. R&D Expenditure by Sector of Performance [accessed on 02.03.2020].



focus on technological leadership and industrial ecosystems. We will also discuss the key horizontal policies that are needed.

A key point is that autonomy must not mean isolation. The EU must refrain from adopting a protectionist stance when looking to support its digital and technological industrial foundation. Europe's technology industries are deeply embedded in global value creation networks, and our success relies on continued open trade with our partners across the world. However, the EU must take a much stronger position in ensuring a level playing field for European companies both in European and global markets.

We believe that there are two core drivers for such an approach to achieve autonomy; focusing on technological leadership whilst recognising mutual dependency, as well as supporting the development of industrial ecosystems.

2.3. Technological leadership

Manufacturing technologies play a crucial role when it comes to addressing the green and digital transformations, as they enable innovative, intelligent products and life-cycle approaches. For example, when it comes to the challenges of the green transition, technological solutions are needed for using less and less resources for manufacturing of products, facilitating circular products and providing high-performance de-manufacturing and recycling systems.

Manufacturing technologies are also essential parts of industrial ecosystems and ensure European leadership in the engineering and manufacture of strategic components.

Therefore, it must be a priority in the coming decade to reinforce and further develop Europe's strong manufacturing technology base. This is the tool to transform our broader industrial base and create new, globally successful companies to generate sustainable growth and future jobs.

This means that we need to remain or become a leader in future technologies and reduce our reliance on imports in those key areas where possible. It also means that we should accept the reality of continued mutual technology dependency between Europe and other major economies. These considerations are not mutually exclusive – and in fact should be understood as mutually reinforcing. If European technologies can continue to set the global standard in certain areas, providing a clear value proposition in other markets, Europe's technological leadership will also be safeguarded. In turn, for our products and services to be attractive to non-EU markets, our companies need continued access to cutting-edge innovation, whether developed in the EU or abroad.

Industrial policy must be as technology neutral as possible, and as a general rule it must be left to the market to identify the best solutions. Market driven innovation has proven economically and technologically successful abroad and in Europe. There is little evidence that governments are superior to markets in identifying key technologies. To avoid the risk of policy makers effectively 'picking winners' and thereby disadvantaging other parts of industry, the focus must be on identifying key transversal technologies that are needed to help address major societal challenges and that can unlock value across different industry verticals.

In this context, we have welcomed the Commission's plans released on 19 February 2020 to make Europe 'fit for the digital future'. Many of the above technologies are highlighted in the 'digital package' and we believe it provides a framework for the digital economy.

Digitalisation is one of the main transformations, currently taking place in industry. Increased connectivity, the Industrial internet of Things, intelligent factories and data-driven business models are changing the way industry works, and mastering these will be essential to maintaining worldwide industrial leadership. In this context, we believe Europe should prioritise its focus on key transversal technologies. The below are some examples, and are not intended to be exhaustive.

2.3.1. Trustworthy industrial AI

Artificial intelligence (AI) will play a crucial role in increasing productivity, finding new solutions and developing new products and services. In this context, [Orgalim supports the approach towards "Trustworthy AI"](#), built on an ethical and an industrial pillar, both enshrined in a human-centric approach. We believe that by bringing these three core elements together, we can reap the full benefits from AI innovation in Europe and create a competitive differentiator for our industries in the global AI race.

Trustworthy AI requires [putting in place the right framework conditions](#), taking into account the environment, risks, and specific value chains situations. A tailored approach can become a competitive differentiator for Europe's industries to carve out global leadership and position our industries as a world leader in 'Trustworthy AI'. We have welcomed the Commission's focus on AI and we will continue our engagement to ensure the right framework is put in place to build on Europe's industrial strengths.

2.3.2. Communication and data technologies (5G, 6G, platforms)

Data plays a crucial role in the digital transformation, especially in the B2B sector. The competitiveness of European industries as well as the ability to provide solutions for climate change require a flourishing data economy, where sharing of data is encouraged by fair contractual agreement between stakeholders. In order to have the right data at the right place, [Europe needs industry-driven infrastructure for data sharing](#). Trust is the key prerequisite for data sharing, therefore regulation should not be considered the go-to solution. Instead, best practices (such as IDS, iShare, Model Terms and Rulebooks) for data sharing should be promoted, and data mapping and analysing skills developed.

As outlined in our position paper, we also believe it is important to distinguish between B2B and B2C sectors, which pose different challenges and require different solutions. We should also take into account existing and upcoming industry initiatives to provide guidelines and share best practices.

Any discussion on building a strong European data space should avoid forced localisation requirements of



data in Europe undermining global data flows. But it also means the existence of divergent requirements across various member states around localisation, building on the Free Flow of Data Regulation.

Europe should also be ready to cater for new kinds of investment needs, where investments are needed for intangible goods. New 5G networks will play a crucial role in facilitating data collection as well as being one important part of the infrastructure needed to roll out new technologies; frequency needs of the industry should be taken into account in terms of frequency planning.

2.3.3. Cybersecurity

The Annual Cybercrime Report estimates that the total cost of cybercrime will exceed €5 trillion next year, and cybercrime spans from espionage to electoral interference.

Orgalim strongly supports the objective to focus on cybersecurity as a foundation of the digital transformation. This means building on the current framework of legislation whilst simultaneously avoiding a fragmented approach across the European Union. [We call for a consistent approach based on guiding principles as stated here.](#)

At the same time, these transversal technologies will be crucial to support specific applications that are currently being developed, and we believe Europe can play a leading role in, such as with regard to connected and autonomous mobility and transport. It is in the combination of Europe's focus on these key technologies and the way they can support key sectors and applications that Europe's strengths lie. This should be the focus of the industrial strategy moving forward.

Finally, skills are the foundation for these technologies and its application. The EU should launch a 'Master Plan for training and education', to upgrade the general education level in Science, Technology, Engineering and Maths (STEM) and to develop curricula that integrate digital and physical engineering. The Master Plan should also include initiatives to upskill the current workforce across all levels to enable a faster uptake of new technologies and solutions, especially when it comes to SMEs. This is urgent and crucial for our companies to keep up with the global competition.

2.4. Industrial ecosystems

Next to technological leadership, a second pillar of strengthening Europe's global competitiveness is the support for industrial ecosystems and value chains, or better value creation networks. As a champion for many years of an EU Industrial Strategy that builds on Europe's strengths to unlock future growth and provides solutions to societal challenges, Orgalim supports a clearer EU focus on industrial ecosystems.

In our view, industrial ecosystems should be supported based on four main considerations:

- > There should be a strong European competitiveness rationale and an ability to generate economic value beyond the ecosystem itself
- > Action should actively bring us closer to our 2050 climate and energy targets
- > The ecosystem should represent a concrete opportunity for coordination amongst various companies from different member states, as well as stronger coordinated action and investments at EU level
- > The ecosystem has to contribute to the objective of technological leadership as set out above

The Strategic Forum on Important Projects of Common European Interest has done important work on identifying industrial ecosystems that may require a strategic EU focus. Other ecosystems could also potentially be considered in this context.

Before moving forward with this work, we believe that a new governance model for identifying, amending or phasing out policy and financial support measures for industrial ecosystems should be introduced. Effective tools and KPIs for monitoring and assessing the outcome and impact of such measures should be established. For the future work around industrial ecosystems, we should build upon the success of the EU Strategic Forum but assure more transparency and participation of all relevant stakeholders, including the possibility for new

partners to benefit from specific measures at a later stage of the process even if they were not present at the start.

To ensure an efficient and coherent structure that is agile, inclusive and transparent, whilst also ensuring political legitimacy, this new governance structure should maintain a bottom-up approach with involvement of industry. This new Forum would work closely with the High-Level Working Group on Competitiveness and Growth (HLG). The Commission would then assess the input from both the industry stakeholder group and the HLG against fixed criteria and draw up recommendations for the COMPET Council to adopt. In this context, we strongly welcome the creation of an Industrial Forum. Orgalim looks forward to being actively involved in this Forum, building on our engagement and support in the Industry 2030 High Level Industrial Roundtable as well as – directly or via our member associations – the Strategic Forum for Important Projects of Common European Interest.

In general, the identification of industrial ecosystems is a first analytical step and must not predefine any policy measure. Policy implications and the choice of instruments will vary according to the type and the situation of the value chain, from no need for action, to shaping the market conditions, coordination measures or even the need to offer state aid as a last resort.

From the technology industry point of view, effective stimulus for industrial ecosystems could include qualifying for EU level regulatory sandboxes, fast-track access to Horizon Europe funds based on excellence, or prioritisation under other funding instruments.

2.5. Important Projects of Common European Interest - IPCEIs

We understand that industrial ecosystems could qualify for the use of state aid in the form of IPCEIs. However, we insist that the IPCEI instrument is, and should remain, an exception, to be used only in case of clear market failure and when other available instruments are not sufficient for supporting an industrial ecosystem. The fundamental commitment of the EU and its Member States to a healthy and open competition on the EU internal market must remain in place. IPCEIs must not be considered as a tool for artificially shielding sectors from market developments, notably the trends of digitalisation, decarbonisation - and as far as the energy sector is concerned - increasing decentralisation. IPCEIs need to drive investment into innovative areas.

Where the IPCEI instrument is used it should contribute to the emergence of networks of interdependent and interlinked economic actors creating future added value around a product, a process or a service. The benefits of using the IPCEI instrument must be available to companies of all sizes, and to companies based in other member states than those contributing financially. To improve the transparency and inclusiveness of IPCEI's, as recommended by the Strategic Forum, an ex-ante consultation should be introduced. This will allow all member states and stakeholders to assess whether they want to be part of, or see any conflict in, an IPCEI project before this is sent to the Commission for final approval.

For a successful future use of IPCEIs, more analysis of processes, procedures, timelines, transparency and proper stakeholder involvement will be essential. In order to ensure legitimacy in the use of IPCEIs, it is critical that a transparent process with effective governance is in place to develop a shared agenda between Member States, the Commission and industry.

3. ENABLING POLICIES

The EU Industrial Strategy will need to be aligned with a number of horizontal policies, from investment policies for research and innovation and the Green Deal to the Internal Market and trade relations. The digital transformation and its related priorities also fall under these horizontal priorities. We already touched upon its elements in the previous chapter.

3.1. Unlocking investment for industrial research, innovation and market deployment

Industrial focused research and innovation needs to be put at the very heart of the EU. It enables EU industry's long-term global leadership, leadership in the transition to carbon neutrality and turning societal challenges into drivers of prosperity.

EU funding instruments play a critical role in laying the foundations for innovation, technological and business development, creation of new business and kick-starting industrial production – and ultimately economic growth. We call on the Council to demonstrate ambition when it comes to the Multi-Annual Financial Framework (MFF) discussions, specifically with regards to the areas of the future for Europe, supporting the Green Deal and Digital Transition objectives.

The EU has at its disposal a large range of instruments, such as R&D & Innovation programmes and tools, public procurement, private investment incentives, or various funding tools. Over time, progress has been made in coordinating the use of the different instruments more strategically to achieve specific objectives, for example through the concept of smart specialisation in the EU's regional policy. Further coordination of EU programmes and funding instruments in support of the EU's industrial strategy is needed.

In particular, RD&I funding is an undisputed engine of innovation and growth. There is no doubt that European R&I programmes are a strong asset and an essential element of industrial policy. EU projects and programmes contribute to successful industrial innovations and technological breakthroughs. The EU Framework Programmes for R&I foster the interdisciplinary cross-border networks and contribute to developing an attractive and competitive European innovation landscape which is the basis for technological leadership. In this regard, experience shows that strategic collaboration between private and public sector often delivers the best solutions. Therefore, the EU's investments and programmes in R&I need to be designed for industry-driven partnerships with greater impact. The monitoring and evaluation systems and processes need to be developed accordingly.

However, while the international competition for innovative solutions escalates, European RD&I expenditure remains relatively low compared to our global competitors. The target of 3% of GDP invested in R&D should now become a reality in order to secure Europe's seat amongst the frontrunners of the technological revolution.

Specifically on Horizon Europe and Digital Europe, we urge to make research, development and innovation (RD&I) a priority within the next Multiannual Financial Framework 2021-2027. We call on the Member States to raise the budget allocated to the Digital Europe programme to €20 billion and to the Horizon Europe programme to at least €120 billion (in 2018 prices), of which at least 60% should be dedicated to the "Global Challenges and European Industrial Competitiveness" pillar.

The support of industrial research is one of the strongest assets of EU Research and Innovation policy and is crucial to ensure that the technological building blocks and capabilities for future competitiveness and sustainability are available. This needs the involvement of industry in both priority-setting and projects in



order to ensure relevance, uptake and private R&I investments. It is therefore essential to establish a structured dialogue with industrial stakeholders, for example through public-private partnerships.

Next to financial support, the second pillar is the truly collaborative part of Horizon Europe, breaking silos to promote the flow of knowledge between public research and industry. This is crucial to building long-term trust-based partnerships amongst a wide variety of European RD&I actors, reducing risk and uncertainty and stimulating business investment in Europe, as well as joining forces at an EU level to better face the great challenges of today – and deliver on the Sustainable Development Goals. Finally, these programmes should be as inclusive and collaborative as possible with third countries with leading RD&I institutions.

As the EU is facing great challenges in the labour market, along with ageing societies, the brain-drain, the skills mismatch in the labour market and the fast development of technologies are making it more difficult to anticipate the future of work and to respond to new demands. This all affects European trade, growth and wellbeing of the people. Skilled labour and mobility are key factors for successful and vigorous growth in the EU. We must fight for the global talent and create new policies for making Europe the best place to work and live, to invest, and to do business.

3.2. The EU Green Deal; the role of the Circular Economy Action Plan (CEAP)

In view of the climate change emergency and the ambitious 2050 EU decarbonisation objectives, we see the EU Green Deal to be directly linked to the EU Industrial Strategy – as an opportunity for Europe to lead the global clean technology agenda whilst proactively addressing the risks linked to the climate transformation.

To ensure maximum synergies between the EU's industrial strategy and the Green Deal, a number of measures are particularly important:

- > Putting energy efficiency first
- > Substituting the most polluting energy carriers
- > Ensuring more electrification and alternative fuels deployment in the transport, buildings and industry sectors
- > Supporting more sector coupling including power-to-x solutions
- > Unlocking investment in high-tech infrastructures and massively promoting research and development
- > Giving carbon a meaningful and impactful price that creates the right market signal for carbon reduction in a revenue neutral manner targeting high impact areas
- > A thorough evaluation of the best way forward on a carbon border adjustment mechanism that is in line with



WTO requirements and ensures fair and free trade at all levels of the supply chains. The implementation of article 6 of the Paris Agreement should lay policy foundation for an emissions trading system leading to a global price on carbon

- > Aligning technology, financing and objective – the EU’s climate ambitions need to be mainstreamed throughout the EU budget, the newly announced green financing strategy, and existing and new innovation, just transition, development and investment funds
- > Energy taxation should reflect carbon content – the Energy Taxation Directive should be revised and aligned with EU energy and climate directives
- > Embracing and tapping into the opportunities of digitalisation for the climate, clean energy and circular economy transition
- > Creating conditions for sustainable and connected mobility and buildings that are equitable, efficient, safe and climate responsive
- > A European (Green) Hydrogen Strategy that strengthens the EU’s commitment for power-to-x in areas where it is evidenced to be the most efficient way to reduce greenhouse gas emissions
- > Since global challenges require global responses, the EU should lead international negotiations to increase the level of climate neutrality ambition of other emitters by 2021. Securing competitive and fair conditions for EU industry in a global context is essential

Finally, we want to highlight the crucial part that the circular Economy Action Plan plays to achieve the Green Deal objectives. We need a circular economy that supports Europe’s climate ambition by driving systemic change and the sustainable use of resources throughout the economy ('doing more with less').

Coupled with the possibilities of digitalisation and data analysis, a circular economy creates space for new business models and enables the optimisation of energy and resource use throughout the life cycle.

3.3. The EU Internal Market as the foundation for global competitiveness

A functioning internal market is the foundation for any credible EU industrial strategy. Orgalim believes policies need to recommit to the essence of the EU’s Internal Market: a level playing field for safe products and services, governed by business-friendly legislation that is resilient to technological and economic change and effectively enforced by market surveillance authorities.

3.3.1. The European standardisation system

The European standardisation system has a key role to play in this context. Experience proves that success in promoting innovation and opening up new markets comes when the EU is the first to define domestic standards for global use, or is influential in the development of international standards, as was the case for 40-foot shipping containers, Internet or telecommunication protocols.

In view of the new industrial strategy, the EU should consider as a strategic priority to provide a more flexible and supportive framework to enable its homegrown industry experts to be competitive on their export markets and should support without hindering the development of strong domestic standards. Orgalim is concerned that the current lack of involvement of industry in setting up a workable legal environment for the smooth operation of the European standardisation system is weakening the system and allowing competitors to claim leadership in setting global standards for digital or environmental technologies.

If the EU is to succeed with its ambitions on the digital transformation and the Green Deal, the industrial strategy urgently needs to start out with an independent assessment of the interpretation of Regulation 1025/2012 on European standardisation and its impact on users and developers. The objective should be to identify ways to improve the governance and effectiveness of the system for development, assessment and use of harmonised standards.

3.3.2. Competition law

The Internal Market is based on free and fair competition. Only if free and fair competition is safeguarded, can the Internal Market fully unfold its potential. For this reason, a strong and independent competition control mechanism (including merger control) was established in the EU competition rules. Orgalim believes that EU competition law is intact and, in many areas (with the engineering industry being the best example), has led firstly to companies being able to take advantage of the scaling effects of the domestic market, and then to successfully enter the world market. The Internal Market has already produced numerous successful champions who are leaders in world markets.

A key success factor for EU competition law is the independence of the Commission as an antitrust authority, which has repeatedly resisted political influence. The guarantee of open competition has only prepared the ground on which innovations could emerge.

In merger control, the EU Commission is guided by economic reality and also incorporates expectations of future market developments in its decisions. In each individual case, the product and geographic market must be defined and may vary considerably from case to case. The market position of global players is taken into account in the decision.

However, the starting point for the Commission's deliberations is above all how a merger affects competition in the EU Internal Market and what it means for consumers in the Internal Market.

Against this background, Orgalim advocates that the Commission makes even greater use than before of the flexibility of the existing safeguard control regulations for market definition – especially with regard to large companies in third countries such as China and their influence on competition in the European and global market. In particular, the Commission should always question whether non-European competitors should also be included in the consideration if they are not yet active on the European market. This consideration or approach should be reflected in the Commission's guidelines on (horizontal and non-horizontal) mergers.

As much as greater flexibility on the part of the Commission in assessing the relevant market or market definition appears desirable, Orgalim clearly rejects a 'European ministerial or council authorisation'. This is because the question would no longer be whether a merger affects competition in the internal market, but whether a merger is politically desirable. This would open the door to arbitrariness and political horse-trading at European level.

3.4. A global level playing field

3.4.1. Trade

Europe's technology industries are strongly export-oriented and depend on international trade for their success, representing over a third of the EU's manufactured exports. The EU must help companies to maintain leadership in the global competitiveness race by leading the global response to protectionism; standing up for free, fair and open rules-based trade; and enhancing market access for our companies.

Open trade is in Europe's DNA. Commission studies demonstrate that Europe's success depends to a major degree on the openness of the international economy. Our companies need access to the world's largest and most dynamic economies. This, in turn, will create growth and jobs in the European Union, creating tangible benefits for workers, consumers and society at large.

Europe's technology industries are convinced that protectionism is the worst of all strategies when it comes to addressing the challenges that our societies and economies encounter. Instead, we call on the European Union to deepen and accelerate its work with trade partners at both multilateral and bilateral level to avoid the creation of new tariff and non-tariff barriers, whilst working on lowering existing ones. It is essential, therefore, that policy makers and industry work together on developing a strong, confident European strategy to cope with current challenges such as the growing trade disputes.

In this view, we regret the current stalemate in the nomination of judges to the WTO Appellate Body. In order to enable continued rule-based free trade, the dispute settlement mechanism of the WTO, including the Appellate Body, needs to urgently be fixed.

Orgalim fully supports the other efforts of the Commission in finding solutions to the current challenges at WTO level. Notably, we agree that the role of the WTO Secretariat should be enhanced by providing a facilitating right of initiative to propose compromise proposals. We also support the EU proposal on transparency and subsidy notifications, including the creation of a general presumption of illegality if the subsidy is not notified to the WTO by the state giving the subsidy.

Finally, Europe should remain an attractive destination for foreign direct investment: the newly approved Regulation establishing a framework for the screening of foreign direct investments into the European Union should not unduly prevent foreign direct investments into the EU.

3.4.2. Public Procurement

At the moment the EU public procurement directives do not distinguish between EU and non-EU companies, i.e. the European procurement market is in principle open to bidders, goods, and services from third countries. In contrast, European companies are not granted equivalent market access in non-European countries, especially in China.

The same or equivalent environmental, social or labour standards are not always binding for bidders, goods and services from third countries, but conversely, they apply to companies in the EU, so that suppliers from third countries can offer more favourable terms for this reason alone. This is particularly problematic when, as it is so often the case, price is the only award criterion. Furthermore, tenderers from third countries are not necessarily subject to strict rules on state aid, which in turn leads to unequal conditions of competition.

Orgalim believes that this situation should be addressed. Guaranteed market access should only be granted to third country companies if there is a binding international agreement or bilateral free trade agreement that provides free, equal, transparent and non-discriminatory market access for both parties. Otherwise exclusion must be allowed. In this respect, Orgalim supports the strict application of the clauses allowing the exclusion of bidders from non-GPA countries.

Especially in the light of the EU Green Deal, bidders from third countries should be measured against the same high standards as bidders from the EU. Therefore, public authorities in the EU should not only consider price but also the high European standards when awarding contracts. In this area, the use of strategic (e.g. social or environmental) aspects could be promoted to ensure a level playing field. Closely related to this is the definition of quality and technical criteria in award procedures, so that in the end the contract is awarded not to the cheapest bid but to the one with the best price-performance ratio.



4. PUTTING THE INDUSTRIAL STRATEGY INTO MOTION

The technology industries represented by Orgalim have a clear vision for the EU of 2030: a place where industrial innovation drives Europe's global competitiveness; a strong industry spreads prosperity throughout the economy; and technology responds to citizens' needs and improves their quality of life –enabling the twin digital and climate transformations that can address many of the challenges facing society today. Our industries can help make this vision a reality, provided the right framework is in place at EU level.

With policymakers set to make key decisions on this framework in the coming months, we have presented here our roadmap for an integrated and ambitious approach to the future EU industrial strategy, building on our [Vision 2030](#). By focusing on fair and healthy competition and shaping an innovation-friendly regulatory framework, policymakers can build on Europe's greatest assets for future economic growth: the Single Market and a rich industrial ecosystem that unites the strengths of companies of all sizes. This should go hand-in-hand with an approach to the EU's global competitive position that gives due consideration to questions of strategic autonomy, while resisting any tendency towards isolationism or protectionism. The aim of the industrial strategy should first and foremost be to reinforce and develop Europe's innovation leadership, prioritising transversal technologies that can unlock value across a range of industrial sectors. Industrial ecosystems will have a key role to play, in some cases supported by deployment of IPCEIs, although the choice of policy instruments should be carefully evaluated and transparent for all stakeholders.

To fully tap into the benefits of industrial innovation for the EU's economy and society more broadly, the future industrial strategy should be flanked by a range of complementary horizontal policies: from digital priorities; to funding and investment programmes focused on industrial research and innovation and market deployment; to Green Deal policies that create strategic growth opportunities for European clean tech leadership; to a reinvigorated internal market based on free and fair competition, and policies for trade and public procurement that can shape a global level-playing field.

In short, Orgalim is calling for the future EU industrial strategy to pursue three key imperatives: embrace the innovation-led transformation of industry; enable European technology companies' leadership; and transform societal challenges such as climate change into drivers of prosperity. If policymakers can work together with us to deliver on these goals, industrial strategy can achieve much more than simply sharpening the competitive edge of European companies on the global stage – it can unlock the power of industrial innovation to create a prosperous, sustainable and safe Europe for all citizens. The time to act is now, and our industries stand ready to play their part.

For more information, please contact Director General Malte Lohan: malte.lohan@orgalim.eu

Orgalim represents Europe's technology industries: companies that innovate at the crossroads of digital and physical technology. Our industries develop and manufacture the products, systems and services that enable a prosperous and sustainable future. Ranging from large globally active corporations to regionally anchored small and medium-sized enterprises, the companies we represent together comprise Europe's largest manufacturing branch – directly employing 11 million people across Europe, generating an annual turnover of around €2,000 billion, and producing one-third of the EU's manufactured exports.

Orgalim commits to champion an EU policy agenda for sustainable growth; to support the industry in its transformation; and to advance dialogue between business, policymakers and citizens on the relationship of technology to society. We are shaping a future that's good.

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SHAPING A FUTURE THAT'S GOOD