



Mr Peter Altmaier

Federal Minister for Economic Affairs and Energy
Federal Ministry for Economic Affairs and Energy
Scharnhorststraße 34-37
10115 Berlin
GERMANY

16 November 2020

Dear Minister,

RE: EU Competitiveness Council policy debate on industrial strategy

The Competitiveness Council meeting on 19 November 2020 will focus on industrial policy and represents an opportunity for the Ministers to discuss the first steps in the run-up to the update of the European Commission industrial strategy scheduled for the second quarter of 2021.

Since the publication in March 2020 of the European Commission's Communication "A New Industrial Strategy for Europe" to support Europe's industry in the twin climate and digital transitions, European industry has been facing unprecedented challenges due to the outbreak of COVID-19.

Following the deepest falls in output since the great depression during this spring, the EU economy began its recovery during the summer, but the path back to pre-COVID levels of output is likely to be long and uneven, with uncertainty unusually high. Our [Economic Outlook](#) expects the EU economy to fall by 7.3% in 2020 as a result of the COVID-19 epidemic and associated lockdowns. 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.

BusinessEurope welcomes the Commission's announcement to update the industrial strategy as European industry has a crucial role in the economic recovery. A timely support will be crucial both in the short and longer term, including non-financial measures which should be always based on the better regulation principles.

For BusinessEurope, an updated industrial strategy should fully acknowledge the impact of COVID-19 on the economy, including the possibility of a delayed recovery, and develop around the need to build investment capacity. An updated industrial strategy should be based on some key principles:

- **underpinning the Green Deal and its new targets with a credible industrial strategy** (a real business plan) to mobilise the necessary investments, including in R&D, in green technologies, become climate-neutral in a cost-effective way, ensure there is enough affordable green energy available and improve the EU and global level playing field regarding carbon emissions reductions;

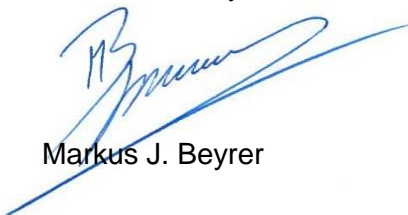


- **supporting the digital transformation of our economies and societies** by creating the conditions for the safe deployment of new technology such as AI and 5G as well as for the industrial data economy, developing digital and STEM skills and incentivising data sharing through Common European data spaces;
- **restoring all Single Market freedoms of movement to pre-COVID conditions urgently**; further opening the services markets, notably for those services contributing to the industry value chains; stopping the extensive intervention of the Commission in the harmonised standardisation processes immediately and return to the bottom-up approach, incentivising the industry participation; making public procurement more efficient under the present legislative framework, reducing administrative complexities and further incentivising cross-border participation in tenders;
- **supporting an ambitious international trade agenda that promotes new trade and investment opportunities for our companies** through new and modernised bilateral trade agreements and reform of the WTO to ensure a multilateral trading system that is capable of regulating modern trade flows and tackling market distortions. A well-balanced debate about smart technological sovereignty has the potential to trigger the right policy framework, without protectionist measures, especially in light of trade restrictive policies pursued by some of our trading partners such as China's new export control law;
- **by taking coherently into account the key role of all-sized European companies, and SMEs in particular, for the economic recovery of European industry.** SMEs are key players in cross-sectoral and cross-regional value chains, enablers of innovation and account for two thirds of the total job creation in the EU. Together with larger companies, they also have a central role to play in achieving an economically competitive EU including environmental and social goals.

The Competitiveness Council discussions and decisions on these issues are of key importance to the European business community.

Building on the above-mentioned principles, BusinessEurope will contribute further by developing targeted recommendations in view of the updated industrial strategy as an internationally competitive European industry is crucial to Europe's economic wellbeing. This is especially the case as businesses seek to recover from the damaging impact of COVID-19.

Yours sincerely,



Markus J. Beyrer