

Proposals for the implementation of the EU's industrial strategy

Executive summary

The European Commission published in May 2021 an updated EU's industrial strategy that focuses on lessons learnt from the pandemic and thereby complements the strategy published a year earlier. The strategy highlights the need to remove the barriers to a digital single market, to strengthen EU's open strategic autonomy and to speed up the green and digital transitions to foster recovery and sustainable growth.

Industries and businesses play a key role when Europe is striving to become climate-neutral by 2050 and a trailblazer in the implementation of the twin transitions. Therefore, in the implementation of the EU's industrial strategy the priority needs to be given to measures that will foster industry's renewal and competitiveness and make Europe more attractive for investments and today's and future talent. Every action and all funds must be targeted at the renewal of Europe.

To succeed, the implementation of the EU's industrial strategy needs to maximize synergies between relevant policy measures e.g., the ones for research and innovation, internal market, climate, energy, competition, trade, and employment.

The industrial strategy needs to serve as the foundation of the recovery and to build on Europe's key assets, self-confidently developing our global competitiveness instead of an inward-looking, defensive or protectionist approach. The Commission has during its industry policy revision developed a tool to assess the European value chains and technological dependencies. The analysis of the results should be used to identify the focal areas when striving for a sound and resilient strategic autonomy in the global economy.

Technology Industries of Finland (TIF) propose the following focal points for the implementation of the EU's industrial strategy: efficiency and smooth-functioning of the digital single market, investments in R&I, fast uptake of green and digital technologies and scaling up of market-driven breakthroughs, measures to pursue the EU's interests effectively globally.

In Finland, the national industry-led work for low-carbon roadmaps is an excellent example of coordinated public-private partnership, which strengthens common understanding of the current stage, the target stage, and suggest the needed actions without specifying technologies in advance. TIF and technology industry companies are actively involved also in strengthening cross-border and European research and innovation and business development collaboration in strategic areas that are essential to achieve the climate targets and foster sustainable and smart growth.

TIF's key proposals for the implementation of the EU's industrial strategy are the following:

1. The EU and the Member States need to step up public and private investments in the green and digital transitions and to ensure that the target of 3,0 % of GDP for the R&D intensity will be reached by 2025.
2. A strong focus on strategic value networks and transversal technologies that cut across many of the identified ecosystems is needed. The critical role of advanced manufacturing technologies should be fully reflected to that end in the implementation of the industrial strategy. Advanced manufacturing needs to be given a high priority also in the implementation of Horizon Europe and Digital Europe programs including the HEU partnerships and European digital innovation hubs.

3. Technology infrastructures are the backbone for dynamic RDI ecosystems. It is important that the Industrial Forum and the European technology industry at large are actively engaged in the implementation of the European technology infrastructure strategy now included in the new ERA strategy.
4. The Industrial Forum needs to work out a governance model, key principles, and a transparent and agile mechanism for identifying, amending, and phasing out policy and financial support measures for European industrial ecosystems and value networks.
5. The transformation to climate neutrality and sustainable circular economy calls for fundamental changes to all sectors and players in our society. The EU and the Member States must ensure long-term and systematic policy measures and significant investments in low carbon technologies and their uptake in private and public sectors.
6. The further development of the Fit for 55 package must establish a strong basis for emissions reductions, ensure European technological leadership in green transition, and support industries' low carbon investments. There are several specific aspects that need to be further addressed.
7. The EU must rapidly create a digital, sustainable, open, and efficient internal market, respecting European values and enabling free flow of data. It will form the basis for European digital businesses to scale up and grow their muscles, making them fit for global competition.
8. Europe needs to develop both hard digital infrastructure – fibre networks and next generation cellular networks – and soft digital infrastructure consisting of standards, data networks, standard contractual clauses and rulebooks and APIs to facilitate functioning multi-player data economy.
9. Europe must be the winner in the global competition for talent, and this requires concerted action from the EU and the Member States. Our ageing continent will need new professionals, and roughly hundred million employees will need upskilling or re-skilling in very near future.
10. European tax system must be fair and compatible with the rest of the world and must not hamper the competitiveness of European companies or countries.
11. Revision of the energy taxation directive should be well designed to prevent overlapping with Emission Trading System. Changes to energy taxation must not lead to double taxation.
12. A sustainable finance regulation and taxonomy need to be prepared transparently and in a manner that is technology neutral, consulting and interacting with industry and other stakeholders.
13. The Carbon Border Adjustment Mechanism should consider existing support systems designed to help heavy industry bridge the green transition. Having said this, we also propose that the CBAM (or equivalent) should be carefully tested and developed with a small number of CL-products at least for 2-3 years before implementing a full-blown system.
14. Europe is the second biggest economy in the world. The EU must use its economic power boldly to ensure fair competition and level playing field in all global markets.
15. EU's trade and foreign policies should be designed to convince its trading partners to share the EU climate, biodiversity, and circular economy targets. Make partnerships with African countries a strategic goal for the EU.



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