



**DIMENSION
PARLEMENTAIRE**



Thematic Interparliamentary Conference on Strategic Economic Autonomy

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**Conclusions of the Presidency
on Strategic Autonomy in the Industrial Sector**



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Between 2000 and 2019, the share of the industrial sector in the European Union's gross domestic product fell from 25.4% to 22.2%, and although this limited fall masks disparities between Member States, it does reveal a marked decline in this sector in certain countries.

While the open nature of the internal market, the integration of European producers into the global economy, and the extent of the Union's trade relations with its partners are indisputable assets for its economy, global geopolitical instability has increased in recent years and especially in recent months, highlighting the vulnerability of value chains.

Difficulties in sourcing certain materials and components, caused or exacerbated by the COVID-19 pandemic and seriously affecting the European economy, have contributed to making strategic economic autonomy, particularly in the industrial sector, a major objective of the European Union. The economic sanctions decided by the European Union in response to the Russian aggression in Ukraine have made the question of the resilience of the European economy to external shocks more relevant than ever, at a time when the price of many commodities is rising sharply, and traditional supply chains have been interrupted.

This gradual dawning of awareness requires Member States to reflect collectively on the best way to secure their value chains and supplies, as an industrial policy that can enable us to compete with our American and Chinese partners and competitors, and limit the impact of the isolation of the Russian economy, can only be defined at the European Union level.

With a view to improving the resilience of the internal market and reducing its exposure to volatility, reducing the concentration of supply sources can be achieved, in some cases by insourcing the production of the most critical inputs within the EU, and in others by diversifying supplier companies and countries.

This approach can only be based on improved knowledge of value chains and strategic inputs, and must be implemented on a case-by-case basis. The additional costs of the systematic relocation of low-value-added activities as a matter of policy would be disproportionately high for the consumer, without guaranteeing any significant improvement in our strategic industrial autonomy. Conversely, the production of certain less sophisticated or

lower value-added goods often plays an essential role in laying the foundations for the development of high-tech industries, and may therefore take on strategic importance.

Attaining strategic economic autonomy will require targeted investments in disruptive technologies, which are essential to the industrial sectors of the future. In the past, the policy of striking a balance between strict rules on competition, enabling consumers to benefit from lower prices, and provision of the support required to trigger the emergence of strategic industrial sectors, has failed to take sufficient account of the long-term benefits of these sectors to the European Union's economies and societies. The industrial sector generates strong positive externalities and contributes strongly to balanced resource planning and development, the maintenance of essential intermediate jobs, and the development of national scientific and research potential. Sustained and concerted efforts will be required to promote upskilling in the EU economy and to make up for the loss of expertise caused by past relocations of industrial activities.

Industry has been the cornerstone of European economic power in modern history, and Europe's industrial heritage is an essential component of the European identity. Today, the Union can draw on many assets to rebuild its strategic autonomy in the industrial sector, such as the breadth and depth of its internal market, a highly qualified workforce, and high-level fundamental and applied research that is conducive to innovation.

Finally, in accordance with the European Union's commitments to promoting the environmental transition, the maintenance and development of industrial activities in Europe will lead to a reduction in its carbon footprint in light of the "green competitiveness" of its production apparatus. Adopting less resource-intensive processes, reducing transport-related emissions and using decarbonised energy sources will contribute to the efforts to combat global warming.

Therefore, the Presidency of the Interparliamentary Conference on Strategic Economic Autonomy in H1 2022:

- **Considers that strategic autonomy in the industrial sector can only be developed in an open manner**, given the need to allow European companies to compete freely on external markets. In fact, the size of the internal market should give the Union leverage to negotiate reciprocal trade agreements with its main trading partners and to promote the dissemination of its standards;
- **Calls for the setting of precise targets in terms of market shares for European**

intellectual property products in certain strategic areas, in response, inter alia, to the ambitions of the "Made in China 2025" strategic programme;

- **Supports the "New Industrial Strategy for Europe"**, presented by the European Commission in March 2020 and revised in May 2021 to take account of the lessons learned from the health crisis, which provides for the identification of 14 industrial ecosystems that are key to the resilience of the internal market and calls on the Union to draw operational conclusions from its initial evaluations as soon as possible;
- **Reiterates the need to consider reindustrialisation in pursuit of an overall improvement in the European Union's carbon footprint**, while ensuring the preservation of environmental quality and public health in Europe;
- **Considers that the Carbon Border Adjustment Mechanism (CBAM) has the capacity to improve the overall balance of the carbon footprint of European industry and should therefore be implemented without delay**;
- **Welcomes the revision of the European Commission's communication on the rules for State aid applicable to Important Projects of Common European Interest (IPCEI)** from 1st January 2022 onwards, and calls for renewed ambition in the definition of common industrial projects;
- **Welcomes the progress made in combating unfair practices by third parties within the internal market, in particular through foreign subsidies** that distort competition, and supports the European Commission's proposal for a Regulation on this issue;
- **Supports the European Commission's strategy to develop European production capacity in the microprocessor sector, and calls for the rapid presentation and adoption of the announced European regulation**;
- **Recommends the implementation of fiscal and regulatory policies liable to promote the industrial competitiveness of the European economy in relation to its international competitors**;
- **Urges the continued harmonisation of legislation within the EU** in order to support the creation of an ecosystem favourable to innovative industrial sectors;
- **Encourages national and European cross investment in order increase cross-border cooperation** and carry out concrete projects to develop "de facto solidarity" and sustainable partnerships in the industrial sector;

- **Defends a strategy of identifying hard-to-replace products or intermediate goods, even non-critical ones, when they may be subject to bottlenecks** due to the structuring of supply or demand and therefore likely to jeopardise the entire downstream industrial value chain;
- Calls for the reinforcement of the **procurement strategies** for Member States' economies in both the medium and long term in order to improve the **resilience of the European economy vis-à-vis geostrategic risks**, paying particular attention to anticipating supply shocks that could be triggered by the imposition of economic sanctions against third countries. In this regard, it stresses the particular importance of the **European Commission's work on the European Union's strategic capacities and dependencies** in key sectors such as technologies and metals associated with renewable energy sources, pharmaceutical assets, and hydrogen;
- **Supports the adaptation of the regulatory framework governing mining activities** within the European Union with a view to facilitating access to mineral resources on European territory under conditions that are compatible with the Union's environmental objectives, in order to guarantee a secure basis for the sourcing by Member States' economies of mineral raw materials that are not subject to geopolitical risks, such as those currently restricting supplies of aluminium, palladium, titanium or copper to industries in the light of the conflict in Ukraine and the economic sanctions against Russia;
- Considers that **access to decarbonised energy for European industry, in sufficient volumes and at the prices required** to ensure essential production and maintain the competitiveness of the Union's manufactured goods, is a prerequisite for the Union's strategic autonomy, and that **diversification of the sources of energy supply for the Member States** is imperative, particularly in view of the uncertainties over trade between the European Union and Russia, and that finally, in this period of transition, **the risk of European industries moving to countries with less stringent environmental regulations or more secure energy supplies** must not be overlooked and must be considered particularly carefully by the public authorities;
- **Stresses the need for greater use of digital technologies and automation in industrial production**, and calls for an ambitious European strategy in this area;
- **Hopes that the Commission will keep striving to improve the links between competition policy and industrial policy** by redefining the concepts of "relevant market" and "consumer interest";

- **Recommends the establishment of a regulatory and incentive framework to increase the solidarity between major companies and SMEs, as well as between the upstream and downstream phases of each sector**, in order to support the emergence of genuine ecosystems favourable to synergies;
- **Defends the reinforcement of foreign investment control tools to counteract hostile takeovers or extra-Community acquisitions of strategic flagship industrial operators**, leading to losses of expertise, skills or technologies that are critical to the sustainability of European industry;
- **Calls for European companies – especially SMEs – to be allowed to benefit, without delay, from the regulation on reciprocity in public procurement**, and advocates a revision of public procurement rules to give greater weight to the criteria of geographical proximity and carbon footprint;
- **Emphasises the essential role of local authorities in the territorialisation of industrial dynamics**, and advocates a balanced approach to the location of industrial sites at the regional level.