



Updating the 2020 Industrial Strategy: towards a stronger Single Market for Europe's recovery

Brussels, 5 May 2021

Today, the Commission updates the [EU Industrial Strategy](#) to ensure that its industrial ambition takes full account of the new circumstances following the COVID-19 crisis and helps to drive the transformation to a more sustainable, digital, resilient and globally competitive economy.

The updated Strategy reaffirms the priorities set out in the March 2020 Communication, published the day before the WHO declared COVID-19 a pandemic, while responding to the lessons learned from the crisis to boost the recovery and enhance the EU's open strategic autonomy. It proposes new measures to strengthen the resilience of our Single Market, especially in times of crisis. It addresses the need to better understand our dependencies in key strategic areas and presents a toolbox to address them. It offers new measures to accelerate the green and digital transitions. The updated Strategy also responds to calls to identify and monitor the main indicators of the competitiveness of the EU economy as a whole: single market integration, productivity growth, international competitiveness, public and private investment and R&D investment.

The SME dimension is at the core of the updated Strategy with tailored financial support and measures to enable SMEs and start-ups to embrace the twin transitions. The Commission intends to appoint Mr Vazil Hudák as the SME Envoy. His appointment is currently being finalised.

Today, the Commission has also adopted the [proposal for a Regulation on foreign subsidies distorting the Single Market](#). It is a key element to deliver on the EU Industrial Strategy by ensuring a level playing field and by promoting a fair and competitive Single Market.

The updated Industrial Strategy published today focuses on the following key areas:

Strengthening Single Market resilience

The Single Market has been severely tested by supply restrictions, border closures and fragmentation following the COVID-19 outbreak. The crisis highlighted the essential need to uphold the free movement of persons, goods, services and capital in the Single Market and the need to work together to strengthen its resilience to disruptions. To this purpose, the Commission will, among others:

- Propose a **Single Market Emergency Instrument** - a structural solution to ensure the free movement of persons, goods and services in case of future crises. It should guarantee more transparency and solidarity, and help address critical product shortages by speeding up product availability and reinforcing public procurement cooperation;
- Fully enforce **the Services Directive** to ensure that Member States comply with their existing obligations, including the notification obligation in order to identify and eliminate new potential barriers;
- Strengthen **market surveillance** of products by supporting national authorities to increase capacity and step up the digitalisation of product inspections and data collection;
- Mobilise significant investment to support **SMEs**; design and implement Alternative Dispute Resolution schemes to address **payments delays** to SMEs and provide measures to address **solvency** risks affecting **SMEs**.

Dealing with the EU's strategic dependencies

Openness to trade and investment is a strength and source of growth and resilience for the EU, which is a major importer and exporter. Yet the pandemic also triggered wider awareness of the need to analyse and address strategic dependencies, both technological and industrial. The Commission therefore:

- Carried out a 'bottom-up' analysis based on trade data: out of 5,200 products imported in the EU, an **initial analysis identifies 137 products** (representing 6% of the value of the EU's

total import value of goods) in sensitive ecosystems for which the EU is highly dependent – mainly in the energy intensive industries (such as raw materials) and health ecosystems (such as pharmaceutical ingredients) as well as concerning other products relevant to support the green and digital transformations. **34 products** (representing 0.6% of the EU's total import value of goods) are potentially more vulnerable given their possibly low potential for further diversification and substitution with EU production. The analysis also shows challenges and dependencies in the **area of advanced technologies**;

- Presents the results of **six in-depth reviews on raw materials, batteries, active pharmaceutical ingredients, hydrogen, semiconductors and cloud and edge technologies**, providing further insights on the origin of strategic dependencies and their impact;
- Will launch a **second stage of reviews** of potential dependencies in key areas, including products, services or technologies key to the twin transitions, such as renewables, energy storage and cybersecurity, and develop a monitoring system through the Commission's **Observatory of Critical Technologies**;
- Works towards **diversifying international supply chains** and pursuing international partnerships to increase preparedness;
- Supports **new industrial alliances** in strategic areas where such alliances are the best tool to accelerate activities that would not develop otherwise. Industrial alliances will be supported where they attract private investors to discuss new business partnerships and models in an open, transparent and competition-compliant manner, and have a potential for innovation and high-value job creation. Alliances provide a platform that is broad and open in principle, and will pay particular attention to inclusiveness for start-ups and SMEs.
- The Commission is preparing the launch of the **Alliance on processors and semiconductor technologies** and the **Alliance for Industrial Data, Edge and Cloud**; and considering the preparation of an **Alliance on Space Launchers** as well as an on **Zero Emission Aviation**;
- Supports Member States' efforts to pool public resources via **Important Projects of Common European Interest (IPCEIs)** in areas where the market alone cannot deliver breakthrough innovation, with possible support from the EU budget;
- Announces a strategy and possible legislative change for **more leadership in standard-setting**, including in the area of business services, while working openly with others on areas of mutual interest.

Accelerating the twin transitions

The 2020 Industrial Strategy announced actions to support the green and digital transitions of EU industry, but the pandemic has drastically affected the speed and scale of this transformation. Therefore, the Commission outlines new measures to support the business case for the green and digital transitions, by:

- Co-creating **transition pathways** in partnership with industry, public authorities, social partners and other stakeholders, where needed, starting with tourism and energy intensive industries. Such pathways could offer a better bottom-up understanding of the scale, cost and conditions of the required action to accompany the twin transitions for the most relevant ecosystems leading to an actionable plan in favour of sustainable competitiveness;
- Providing a **coherent regulatory framework** to achieve the objectives of [Europe's Digital Decade](#) and the 'Fit for 55' ambitions, including by accelerating the rollout of renewable energy sources and by ensuring access to abundant, affordable and decarbonised electricity ;
- Providing **SMEs** with Sustainability Advisors and supporting data-driven business models to make the most out of the green and digital transitions;
- Investing to **upskill and reskill** to support the twin transitions.

The ongoing **extensive review of the EU competition rules** also makes sure that they are fit to support the green and digital transitions to the benefit of Europeans, at a time when the global competitive landscape is also fundamentally changing.

Members of the College said:

Executive Vice-President Margrethe **Vestager**, responsible for A Europe Fit for the Digital Age, said: *"Today's updated Industrial Strategy is about making sure our industries are equipped to drive the digital and green transformations of our economy while ensuring the competitiveness of our industries, also in the context of the recovery from the coronavirus crisis. This requires new investments now – in people, in technologies and in the right regulatory framework that guarantees*

fairness and efficiency. By supporting and extending the scope of key tools already at our disposal, we are today presenting our lessons learnt and reaffirming our commitment to work together with all economic actors from across Europe."

Executive Vice-President Valdis **Dombrovskis**, responsible for An Economy that Works for People, said: "*Resilient global supply chains are essential in times of crisis as they help absorb shocks and speed up recovery. As we emerge from the Covid-19 pandemic, our updated Industrial Strategy aims to leverage Europe's position as a global industrial leader in order to provide a competitive edge in digital and green technologies. We will seek cooperation with likeminded partners wherever we can to support open, fair and rules-based trade; reduce strategic dependencies; and develop future standards and regulations: all of which are critical for our economic strength. At the same time, we stand ready to act autonomously whenever we must to defend ourselves against unfair practices and protect the integrity of the Single Market.*"

Commissioner Thierry **Breton**, responsible for the Internal Market, said: "*The real industrial revolution is starting now – provided we make the right investments in key technologies and set the right framework conditions. Europe is giving itself the means for an innovative, clean, resilient industry which provides quality jobs and allows its SMEs to thrive even during the recovery process.*"

Background

The update of the 2020 Industrial Strategy was announced by President **von der Leyen** during the [State of the European Union of September](#) 2020. Today's Communication also responds to the call of EU leaders to pursue an ambitious European industrial policy to make its industry more sustainable, more green, more competitive globally and more resilient. The EU leaders also invited the Commission to identify strategic dependencies, particularly in the most sensitive industrial ecosystems such as for health, and to propose measures to reduce these dependencies.

Today's Communication is accompanied by three Staff working Documents: **Annual Single Market Report 2021** analysing the state of play of the European economy based on an assessment of 14 industrial ecosystems, evaluating the progress made in delivering the 2020 Industrial Package and presenting a set of key performance indicators to monitor further progress; an analysis on **Europe's strategic dependencies and capacities** with an in-depth review in a number of strategic areas; and **a paper on competitive and clean European steel** analysing the challenges for the industry and the EU Toolbox available.

For More Information

[Questions and Answers](#)

A Communication '[Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery](#)'

[Annual Single Market Report 2021](#)

[Strategic dependencies and capacities](#)

[Towards competitive and clean European steel](#)

[Fact-page on the Industrial Strategy Update](#)

[Fact-page on in-depth reviews of strategic areas for Europe's interests](#)

[A New Industrial Strategy for Europe](#) (March 2020)

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Related media

 [Read-out of the weekly meeting of the von der Leyen Commission by Margrethe Vestager and Valdis Dombrovskis, Executive Vice-Presidents of the European Commission, and Thierry Breton, European Commissioner](#)