

Our position

Industrial vision for the EU

Pathways towards ensuring a comprehensive European industrial strategy



AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled more than €3 trillion in 2019, directly supports more than 4.8 million jobs in Europe, and generates billions of euros annually in income, trade and research and development.

Executive summary

The EU needs an industrial strategy that will **truly enable global competitiveness**. This will allow the EU to respond to current challenges such as increased global trade tensions, technological transformation and skills shortages. A European industrial strategy must address current challenges faced by manufacturing companies and the potential impact on their global competitiveness. There are two key dimensions to EU industrial strategy – internal and external. EU policymaking on both dimensions must converge in order to allow industry to remain globally competitive and deliver sustainable growth.

Internal dimension

Boosting manufacturing must be embedded in all areas of EU policy and regulatory competence in order to make the EU's domestic market more attractive to foreign investment. In that regard, AmCham EU makes recommendations pertaining to **digitising EU industry, a cleaner future and an EU circular economy**. We make the following recommendations:

Digitising EU industry	A cleaner future	EU circular economy
Avoid overregulating digital applications that will be essential for industry 4.0;	Secure funding for green technologies through all stages of development;	Unlock industry expertise for more effective recycling policy;
Policy guidance for voluntary data sharing;	More support for market in lower carbon products and services;	Implement a harmonised EU-wide recycling and reuse policy framework;
A pan-national approach to the ethics of artificial intelligence;	Well-coordinated policies to provide certainty to investors;	Design policy frameworks that incentivise the uptake of recycled materials in goods sold on the market.
An effective reskilling of the workforce to adapt to the digitalisation of industry.	Use procurement to create a market for sustainable products and services;	
	Ensure EU-level ambition is matched at national level;	
	Ensure life-cycle approach to monitoring environmental objectives;	
	Remove barriers to long-term energy contracts.	

External dimension

The EU's economic openness is a strength that has added to its prosperity: one in seven EU jobs depends on extra-EU exports. The EU's industrial strategy must therefore have a strong external dimension, such as equal opportunity for market players¹. The external dimension should focus on **multilateralism**; **transatlantic relations**; and **trade defence**. We make the following recommendations:

Multilateralism	Transatlantic relations	Trade defence
Work with global partners to strengthen the principles of the multilateral trading system;	Remove transatlantic barriers to trade and investment, including tariffs;	Step up the fight against IPR infringements online and offline;
Strengthen competitiveness in trade negotiations with major trade partners.	Open up investment and procurement markets and increase reciprocal market access;	Address unfair market practices such as forced technology transfers;
	Facilitate transatlantic cooperation on technology standards and certification of products;	Promoting EU-US protection standards in third countries.
	Position small and medium-sized enterprises (SMEs) at the heart of EU-US initiatives;	
	Continue to develop transatlantic sector-specific cooperation.	

¹ See AmCham EU's response to the consultation on the 'White paper on Foreign subsidies' [here](#)

Introduction

Industry is a critical driver of economic growth, innovation and prosperity. Europe's strong industrial foundation, its skilled workforce, and Single Market of more than 450 million consumers continue to position Europe as one of the top investment destinations. US companies invested more than €3 trillion in Europe last year with many American companies operating here for more than 100 years.

The contribution of industrial manufacturing to European gross domestic product (GDP) was on the rise, however, its 16% added value to EU GDP before the COVID-19 crisis fell well below the 2020 target of 20%, as set by the by the European Commission in 2014.

The COVID-19 crisis, and associated massive influx of recovery funding, is an opportunity to strengthen the EU's objectives, and to ensure the EU's industrial base plays its role in pulling the EU economy out of the worst economic recession in over a century. Furthermore, US companies are an integral part of the European fabric and industrial base and, as such, contribute to the EU's strategic autonomy.² The EU's attractiveness as an investment location is driven by more than funding alone and we hope that EU industrial policy will also look at the obstacles which currently delay industrial projects, and at worst, hold back the transformation needed to meet the EU's Green Deal objectives.

AmCham EU has identified four priorities for an effective EU industrial strategy:

1. Digitising European industry: fostering investment and innovation in people, technologies and processes
2. Creating the right environment for a cleaner future
3. Accelerating the transition to an EU circular economy
4. Reinforcing the rules-based trade system and reinvigorating the transatlantic partnership

1. Digitising European industry: fostering investment and innovation in people, technologies and processes

The EU is home to cutting-edge industries with high added value and competitive value chains. The rapid and disruptive changes driven by technological and data transformations can further boost this, if supported by a strategic approach encompassing people, new technologies and industrial processes.

Boosting the development, uptake and protection of emerging technologies, such as artificial intelligence (AI), Blockchain, Internet of Things (IoT), 5G and additive manufacturing (3D printing) is crucial to the sustained competitiveness of the manufacturing sector in Europe. To achieve this, Member States and the EU need to join forces to optimise public and private investments and R&D projects. Moreover, further regulatory harmonisation is required to remove barriers to the free movement of data and digital services.

- **No overregulation of B2B applications:** To avoid undermining the digitisation of EU industrial value chains, the digital transformation of industry must be thoroughly considered when formulating EU digital policies. In particular, it is important to distinguish between B2B and B2C applications and avoid the risk that business-to-business digital services are limited by regulations, directly or indirectly, that seek to address

² See AmCham EU's op-ed on open strategic autonomy [here](#).

consumer-facing issues. IoT, or the business application of AI, do not pose the same potential risk to people as consumer-facing applications and should therefore not be overregulated.

- **Respect for contract freedom in data sharing:** Availability of data is essential in the development of innovative digital technologies. Policy guidance for data sharing platforms can support voluntary industry initiatives, when developed in direct cooperation with the relevant industrial players. Contractual freedom must be respected here, as it is essential to investments in the area of data-driven innovation.
- **A pan-national rule-book on the ethics of AI:** AI will revolutionise manufacturing. Industry players and policymakers must work together to carefully consider how best to address ethical concerns in the context of AI applications. The ethics guidelines adopted by the High-Level Expert Group of the European Commission are a step in the right direction but now need to be translated into concrete business recommendations. In addition, international discussions should continue, in order to define consistent approaches, notably at a transatlantic level.
- **A labour force fit for the digital transformation:** Additive manufacturing has the potential not only to boost the EU economy, and create jobs at the local level, it is also a green technology which can contribute to the circular economy ambitions of the EU. With its on-demand aspects, 3D printing can support supply chain resilience, by providing hard-to-get products, especially in emergency situations such as during the COVID-19 crisis. Additive manufacturing is a new technology, which requires support, and the effective reskilling of the workforce. The Digital Europe programme proposed by the European Commission as part of the Multiannual Financial Framework (MFF), with an allocated budget of €9.2 billion, will be vital to the deployment of digital technologies. The EU is facing an unprecedented shortage of skilled workers, and the area of industrial digital transformation is no different, with a risk that this area could further widen the skills gap. To facilitate the industrial transition, ensuring workers are equipped with the skills required for a changing labour market, the EU should prioritise the following actions:
 - Develop a policy framework that anticipates transitions in the workforce, which will make some skills obsolete. Although education remains a national competence, the EU is essential for cooperation and alignment across Member States to foster skills, talent development and life-long learning. A comprehensive and coordinated EU skills strategy is needed to match industry's needs for skills, based on an active cooperation among institutions, education providers and business.
 - Facilitate access to training tools and to financial incentives schemes to support employee reskilling and upskilling. Increased communication should be further boosted to ensure companies are aware of tools readily available to them. EU initiatives to support sharing of best-practices should continue to be strengthened.
 - Build a Europe-wide system of micro-credentials by harmonising existing skills development frameworks at national level to foster talent movement across the continent.

2. Creating the right environment for a cleaner future

AmCham EU recognises the need for urgent action to achieve a lower-carbon economy and mitigate climate change. This is why our companies are researching, investing in and developing a wide range of lower-carbon technologies in Europe and around the world. We are optimistic about the von der Leyen Commission's emphasis on the Green Deal and wish to participate in its implementation. In the context of the industrial policy discussion, we believe all three pillars of sustainability must be prioritised: environmental, economic and social. The EU's manufacturing industry is very well placed to turn sustainability into a competitive advantage. However, this will require an adjustment to EU and national regulatory frameworks. Predictability and regulatory stability are, and will be, essential to attract and secure the necessary investments in the EU, including in

renewable and low-carbon energy projects, which require certainty about future revenue streams. Furthermore, infrastructure funding, including in energy, information and communications technology (ICT) and transportation networks, is vital to keep Europe globally competitive. Transparency and efficiency must apply to the allocation of recovery funding, prioritising industries and projects which are future-proof and best placed to bring long-term and sustainable prosperity to the European economy and its citizens.³

Some of the necessary regulatory changes include:

- **Secure funds for technologies essential to the Green Deal objectives at each project stage**, up to the industrialisation phase. Selection criteria should avoid predefined technological options and subsequent lock-in and lock-out effects.
- **Increase support for the development of an EU-wide market for lower carbon products and services** through a harmonised and cost-effective regulatory framework.
- **Coordinate all EU-level policymaking**, so as to send clear messages for industry wishing to invest in meeting EU green deal objectives. At the moment there is far too much distance between the policies pursued under industrial policy, chemicals policy⁴ and product policy. New technologies require trade-offs between different environmental and performance objectives, at the moment the EU's industrial policy does not reflect this reality. These divergent messages are an investment risk for industrial installations meant to last decades.
- **Facilitate the use of Green Public Procurement (GPP) to support new technologies** and create a market for sustainable products and services. Help develop objective, scientifically sound and harmonised sustainability criteria across member states to help inform purchasing decisions.
- **Use national resilience plans** to ensure infrastructure funding at the EU level is matched by ambitious commitments and investments at the national level by Member States.
- **Ensure companies use life-cycle approaches** to monitor and implement their internal environmental processes and objectives, and that these use robust methodologies and international standards. For industry to become increasingly cleaner, energy consumption must be effectively measured and reported upon.
- **Remove national administrative barriers to long-term energy contracts** (corporate power purchase agreements (PPAs)) to increase corporate demand for renewable energy and secure access to clean and affordable energy.

3. Accelerating the transition to an EU circular economy

The EU must continue to lead the global transition towards a more circular economy. Such an ambitious programme could give EU industry a competitive advantage, as access to high quality recycled materials could reduce dependence on raw materials and help reduce some of these critical resources' price volatility.

³ For AmCham EU's reaction to the EU's recovery plan, please click [here](#).

⁴ For more on 'REACH and competitiveness' see AmCham EU's paper on 'A private sector view on REACH and competitiveness - 2017 REFIT evaluation key to addressing outstanding obstacles' [here](#).

There is no doubt that circularity should be reflected in an EU industrial strategy. However, the EU must also recognise that moving from a linear to a circular economy will be a significant undertaking. This transition requires a profound political, economic and cultural change in our society. The involvement and commitment of all stakeholders is also necessary for its success.

Only collaboration between business and government will overcome the hurdles and deliver an ambitious industrial strategy:

- **Industry has the expertise to determine the design and materials necessary** to increase production and performance, while maintaining product integrity. As competition for the world's resources increases, it is crucial that recycled materials are used in new products. Recycling policies should therefore be developed, and updated, in cooperation with industry to maximise the best use of limited resources.
- **EU-wide recycling and reuse policies must operate smoothly across borders** to be effective. Currently, many national obstacles get in the way, including national differences in requirements for transboundary shipments: requirements for repair facilities; diverging methodologies to calculate waste targets; and differences in calculation methodologies. Therefore, harmonising these requirements at the EU level is critical.
- **The private sector is developing sustainable solutions for effective recycling:** these include the development of automated sorting processes to increase the ease, efficiency, and cost-effectiveness of recycling. EU and national governments must do the same and adapt their regulatory frameworks, which were designed for the linear economy. New circular EU initiatives should include the harmonisation of labelling for secondary products, and incentives to increase the inclusion of recycled materials in goods sold on the market. EU recovery funding should be allocated to fill the gaps in the EU's current recycling infrastructure. This investment is essential to reduce reverse logistics costs which hold back the competitiveness of secondary raw materials compared to virgin materials.

4. Reinforcing the rules-based trading system and reinvigorating the transatlantic partnership

Trade brings significant benefits to consumers and businesses in Europe, the US and around the world. Trade is the engine of growth for the EU economy. EU exports of goods grew more significantly more quickly than the bloc's GDP over the period from 2009 to 2019 (58.1% versus 16.5%). Today, the EU is the world's largest trading bloc and the largest exporter of manufactured goods and services. This is a success story built on a commitment by the EU to open, rules-based and sustainable trade with investment from global partners. However, this multilateral trading system has been confronted with major challenges, calling into question its effectiveness and the WTO's ability to guarantee the respect of international trade rules.

- **The EU needs to continue engaging with its global partners** to strengthen the principles of the multilateral trading system and address current flows that distort competition globally. The joint effort by the EU, the US and Japan to reform the WTO's industrial subsidies regime is an important step in this direction.
- **The EU should strengthen its competitiveness** by effectively negotiating equal treatment and market access with major trade partners.

The transatlantic economic relationship is the largest and most integrated of its kind in the world. Responsible for one-third of world GDP and supporting 16 million jobs, it has guaranteed the security and prosperity of successive generations of Europeans and Americans. Further opening of the transatlantic marketplace would bring substantial economic benefits. Closer cooperation would also allow the EU and the US to set global standards and to retain their technology leadership. Moreover, the EU has recently made ‘open strategic autonomy’ the cornerstone of its approach to trade policy. This concept should also apply for EU industrial strategy. Industrial competitiveness only makes sense when taken in a global context, it requires equal opportunity for market players, and upfront clarity about what industries are seen as essential to EU resilience.

EU policymakers should work with their counterparts in the US and with transatlantic stakeholders to:

- **Deepen transatlantic regulatory cooperation** and remove barriers to trade and investment, including tariffs.
- **Promote open investment and procurement markets** and increase access for EU and US companies to each other’s markets.
- **Facilitate transatlantic industrial cooperation**, such as cooperation on technology standards and certification of products, and Transatlantic Defence Technological and Industrial Cooperation (TADIC).
- **Position small and medium-sized enterprises (SMEs) at the heart of EU-US initiatives**, as they stand to gain most from greater transatlantic cooperation.
- **Continue to develop transatlantic sector-specific cooperation** initiatives with a strong focus on research and development and innovation (R&D&I), including, but not limited to, improved cooperation on energy, transportation, security, defence and space.

Maintaining Europe’s attractiveness for foreign investment will depend on its ability to protect EU innovation and investment decisions. Whilst intellectual property rights (IPR) intensive industries are key drivers of industrial vision for the EU competitiveness, jobs and growth in Europe, IPR infringements such as counterfeiting and piracy continue to grow both in size and in scope. In this respect, it is essential that the EU continues to support a strong enforcement system for European IPR and increased cooperation with international partners such as the US. The EU industrial strategy in this regard should focus on:

- **Strengthening the fight against IPR infringements online and offline**, in order to build European consumers’ trust in the Single Market.
- **Addressing unfair market practices at a global level**, such as forced technology transfers, through increased transatlantic and international cooperation.
- **Promoting multilateral collaboration between the EU and the US**, and working together towards the dissemination of their IPR protection standards in third countries. This includes avoiding signing international agreements that may weaken IPR protection in Europe and the US.

Conclusion

AmCham EU's recommendations for an effective European industrial strategy address current challenges faced by manufacturing companies and the potential impact on their global competitiveness. The EU faces a context of ongoing societal, economic and geopolitical challenges. EU policymaking covering both internal and external dimensions must converge in order to allow industry to remain globally competitive and deliver sustainable growth. We recommend an emphasis on boosting investments in the digitisation of European industry and supporting the transition to a low-carbon and circular economy. Moreover, ensuring a cross-sectorial approach to the EU's industrial policy will be key to ensure the efficient and effective funding that will lead the EU towards its technological and industrial future. Lastly, AmCham EU stresses the need to maintain a strong transatlantic partnership, which in turn serves to strengthen the EU's 'open strategic autonomy' strategy. The EU-US trade relationship is needed to safeguard industry from unfair competition and infringement of international trade rules.