



## MANAGING THE CRISIS & MANUFACTURING THE RECOVERY

### INDUSTRY MEP EXCHANGE

*Wednesday 1 July 2020*

*15h30 – 17h00*

*Virtual Meeting*

#### INTRODUCTION



Martina DLABAJOVÁ MEP (in the Chair), (Renew Europe, Czech Republic), Vice-Chair Budgetary Control Committee, Industry, Research and Energy Committee, Substitute Budgets Committee

I would like to welcome MEPs from the different political groups to this European Forum for Manufacturing. Managing the Crisis and Manufacturing the Recovery is a very important subject for this MEP/Industry exchange.

For those new MEPs, I would like to speak about the EFM and I want to introduce this great forum although many of you know it already and have participated at previous meetings. When I arrived in the Parliament in 2014, the European Forum for Manufacturing was the first event in which I participated.

I think it is an original and very special Forum. It was established in 2009 by the then Chair of IMCO to promote manufacturing. It is an independent non-profit body. I think it is unique since there is a special need in the Parliament to promote European manufacturing.

The EFM has held a wide range of high level roundtables, chaired by MEPs in the European Parliament on policy issues related to European manufacturing, with the Commission, Parliament and the Presidency.

The main goal is to enable the MEPs to hear concrete experiences and case studies from European manufacturers and above all to hear evidence-based facts for supporting work on our policies in the Parliament. It is absolutely crucial that we can have this exchange between the European manufacturers and representatives of the Parliament.

I would now like to introduce the two kinds of Board members: MEPs and manufacturing members.

We would like to explore with our different colleagues, from different backgrounds, how we can put European manufacturing at the centre of the recovery debate. Indeed, it has never been more important than today.

The priority should be the industrial recovery. COVID-19 has caused the gravest crisis in Europe since the Second World War. It has had a massive impact both on European citizens and industry.

All sectors of our economy have been impacted. Some of them have come to a complete stand-still like the automotive, tourism, cultural and creative industries as well as many more.

The EU has reacted to the situation, and we accepted major measures in the first weeks of the crisis, including the injection of liquidity by the European Central Bank, the opening of State aids, the increase capital for SMEs and the SURE initiative, etc. and the Commission introduced the Recovery Plan.

From my point of view, this is not enough. We need to look at the future. We need to have an ambitious industrial strategy. We should not forget the connection with the SMEs.

The debate should have, as a goal, to exchange views between MEPs and representatives of manufacturing on issues such as:

- What are the priorities?
- What are the different feelings you have on the Recovery Plan presented
- Should we push more as MEPs?
- How can we be sure that we have a speedy recovery in the short to medium term to ensure that the European value chains are more resilient, especially in strategic sectors to move towards European open strategy autonomy; to allow manufacturing to flourish in Europe; to gain leadership; and to compete at a global level.

The priority in the Parliament is to work on industrial recovery with two underlying goals:

- Digitalisation and Sustainability.

This is the debate to see a new long-term vision for industrial strategy.



Malte Lohan, ORGALIM - Europe's technology industries, Director General

ORGALIM is the organisation which represents Europe's Technology industries, covering the machinery, mechanical engineering sectors, electronic engineering, and ICT.

The products we represent range from industrial robots to the technology uses for autonomous and electric mobility and 5G equipment.

I do not speak for all EFM industry, but as Orgalim we represent a third of European industries, a third of European exports and 770,000 companies, providing 11.5 million direct employees in Europe. Our industries are at the heart of transformation to a digital climate neutral and more resilient European economy.

The crisis that we are facing now is, for some, the worst since World War 2. We are expecting, at best, a U shape recovery. There are growing fears that it will become an L shape one. That is lasting well into 2021 or beyond. In our industry alone, we estimate about five hundred thousand jobs are at risk as a result of the crisis.

The choices that Europe makes and also the Parliament makes now are really critical.

I want to mention three essential points where we would welcome the Parliament's support.

1. The Single Market and the integrity of the single market.

The single market remains the foundation, the pre-condition for our global success.

It is an obvious thing to say, but the crisis showed us an important lesson. The primary reason for the collapse, for the industrial breakdown early this year, was not the dependency on foreign markets. It was the collapse of supply chains inside Europe.

That is why we fully support the Commission next generation EU proposals. It is essential that the Recovery Plan includes a massive funding programme, including a role for grants that ensure that all of Europe could recover. Of course, much work is needed on the Single Market overall but without a broad base recovery, based on solidarity across the Members' States, the single market has no future.

So, we call on the Parliament for support for the Recovery Plan with a massive element of solidarity.

2. The Digital and the Green Transition.

For our industries it is already a reality. We are providing the solutions that allow the transformation across other parts of the wider economy. We see a huge opportunity here. Advanced manufacturing is one of the key areas where Europe has global leadership. With the right choices now, we can really cement this leadership for the future and make that a driver for our future prosperity and our future jobs.

To do that, more clarity is needed on the criteria for allocating the Recovery Funds to really ensure that they go where the future potential lies at the National level and at European level.

So, we call for Parliament help to establish those criteria and to establish a monitoring governance process to validate that the funds are going to the right priorities.

3. Industrial strategy

We welcome that Europe is finally putting in place an industrial strategy that is worthy of the name and that there is a recognition of manufacturing in this context.

We support the use of new instruments like the eco systems approach that the Commission is developing and also under strict conditions the targeted use of state aid through important projects of common European interest (IPCEIs).

There is one important point that we are missing. It is the critical role of advanced manufacturing for our recovery, and for our digital and Green transition, which is not yet properly reflected in these eco systems developed by the Commission.

This is a really important gap, it is the right group here in the EFM also to raise it. We know how important advanced manufacturing is going to be for our future resilience and competitiveness and so we call on the Parliament's support to introduce a fifteenth eco system on advanced manufacturing.

We remain at your disposal for the dialogue on the call and over the weeks ahead.



Frédérique Biston, VOLVO Group Headquarters, Head of Volvo Group Representation

Dear members of the European Parliament, I am pleased to be given the opportunity of sharing a bit our experience and view on the situation.

I am the Head of the Volvo Group Representation office in Brussels.

Let me remind you that the Volvo Group is today one of the leaders manufacturing trucks, buses, construction equipment machinery, marine and industrial engines. Not cars. And the difference is important to make as we are talking about completely different business models.

I subscribe to the messages that Malte has mentioned for the industry recovery so if you allow me, I will share the viewpoint of an automotive industry.

- The COVID-19 outbreak came at a moment of profound transformation of our industry, which is facing an acceleration of digitalization and the necessity to reinvent itself to address Climate Change issue. The impact of the COVID-19 on the automotive industry was brutal and huge. During almost 3 months we experienced disruption in the supply chain which led to factory shutdowns and loss of production. In terms of employment, the jobs of 1,2 million employees have been affected so far, with temporary lay-off measures or even dismissals.
- This is the reason why while at the same time we welcome the EU Recovery plan which is a fantastic initiative from the European Commission, we also urge Member States to come to an agreement on the Recovery Plan and the EU budget on the occasion of the EU Summit on July 17-18. The EU recovery plan encourages investment, promotes growth and creates employment in line with the ambitions of the European Green Deal but it has to happen now. There is a sense of urgency that needs to be understood if we want to preserve the European economy and improve air quality.
- The green transformation of road transport in general and of heavy-duty vehicles in particular is an important part of the European Green Deal. We are convinced that it is crucial that the re-start and recovery are coordinated between EU countries, at EU level.
- Decarbonizing transport is the duty of everyone: manufacturers, authorities, citizens. We, at Volvo Group, strongly believe that carbon-neutral road transport is possible by 2050 and therefore embrace the European Green Deal wholeheartedly. We are investing heavily in more sustainable transport solutions and into the development of low and zero-emission vehicles. We are convinced that electrification of road transport is a key element of the strategy and that using hydrogen as a carrier of green electricity to power electric trucks in long-haul operations is one important part of the puzzle, and a complement to battery electric vehicles and renewable fuels.
- Our vision is clear, but all stakeholders need to support and contribute to this development. Today, we are still facing several hurdles that prevent us to accelerate the process of de-carbonization that would ensure a Green Recovery.
  1. We urgently need the deployment of charging infrastructure for trucks (we need more charging power than for cars - up to 1000 KWH to charge quickly) and we need to have liquid H2 fueling stations suitable for trucks. We welcome the review of the Deployment of Alternative Fuels Infrastructure Directive (AFID) that we believe should cover binding EU targets for Member States.
  2. Another key element for accelerating the volume of clean vehicles on the roads is to stimulate market demand. By putting in place a short-term fleet renewal scheme, EU will accelerate the

replacement process of old vehicles by the cleanest available ones. It is crucial to understand that given the economic circumstances provoked by the COVID—19 crisis, it is obvious that the rejuvenation of the transport system's vehicle fleet will not happen without a strong political will and a real support. This simple measure will have a significant environmental impact on road freight transport. The beneficiaries of such an incentive should be transport operators, which would allow demand to be boosted and industry production with best available technologies to re-start.

3. Additional measures include digital transformation, as a prerequisite for the green transition and as a key enabler for the circular economy, resource efficient transport, and clean energy systems. It is de facto important to boost coordinated public & private investments in digital technologies, infrastructure to allow 5G development & key strategic value chains. Equally important is to equip workforce with digital skills and invest in education and training programs at EU, national and regional levels.

We therefore call on the EU institutions to decide on a budget in line with the Union's objectives, as soon as possible. This is a prerequisite to lead the EU green ambition to become carbon neutral by 2050 and to ensure a prosperous recovery. It is clear that to be successful, the EU institutions and Member States have to give themselves the necessary tools to achieve it in terms of budget and support with dedicated programmes.

Maria GRAPINI MEP, (S&D, Romania) Vice-Chair Internal Market & Consumer Protection Committee, Substitute Budgetary Control Committee

The crisis created by COVID-19 has highlighted a number of areas where Europe needs to be more resilient in order to prevent future shocks, to protect against them and deal with them.

I am in favour of free and fair trade, but we need to be aware of the need to reduce our dependence and strengthen security of supply, especially with regard to pharmaceutical ingredients or raw materials.

The Commission is proposing a new Strategic Investment Instrument to support the contribution of cross-border investment to strengthening and developing Europe's strategic value chains.

Europe will pursue a model of open strategic autonomy. This will mean defining the new system of global economic governance and developing mutually beneficial bilateral relations, while protecting us from unfair and abusive practices.

This will also help to diversify and strengthen global supply chains to protect us from future crises.

I participated in several meetings within the IMCO Committee with Commissioner Breton and I could say that, from his presentation and the answers given to the questions received, it was clear that he supports a strategy of reindustrialisation of the EU and which will complement the value chains, both in industry and in agricultural policy, so as not to depend so much on imports from third countries in a potential new crisis.

To mobilise the necessary investments, the Commission is putting forward a two-fold response:

- Next Generation EU a new recovery instrument of €750 billion which will boost the EU budget with new financing raised on the financial markets for 2021-2024



- A reinforced long-term budget of the EU for 2021-2027 (€1,100 billion)

Solvency Support Instrument, Strategic Investment Facility, Strengthened InvestEU programme are the main instruments targeting enterprises in the actual context.

The economic recovery of the Union will not be an easy process, but in this situation we will have to show more solidarity, coordination and will to support the economy and industry so as to build a better future.

My motto: "I support the industry because economic security, jobs and people's well-being depend on it!"



Danuta HÜBNER MEP, (EPP, Poland), International Trade Committee, Economic & Monetary Affairs Committee

Nobody has mentioned Trade, and I think we know with this crisis there is no place to hide. We are all deep in it. There are also the demand and the supply sides which are hit. We have to harness trade seriously to this recovery, because we all know how much trade really means and I am thinking of external trade.

According to Phil Hogan, there are 35 million jobs that depend on exporting, and also 87% of SMEs are in the exporting business. It is also important to realise the large number of jobs that we can create, that we have to create, also depend on trade and can contribute enormously to the recovery.

Martina Dlabajová mentioned the "open strategy autonomy", how to use it and what it might mean and we still have discussion on how to find the right balance between on what we should stay committed - openness - and how it can benefit job creation.

Our economy and consumption is on one hand, but on the other hand we also saw in the first month of the crisis, that there was a need to protect the economy, business and practices which come not only from State actors, but also from market participants as well.

We also have at the same time, and that is on the TRADE Committee agenda, the proposal to think forward and to build resilience to what can come. This is because we do not know yet about the future challenges, about the crisis, and how it can develop.

We also fear in the context of this autonomy that if it goes towards the "reshoring" of production that we will become poorer in the mid or long term.

So this global openness, which has always been fundamental for the Union, should remain fundamental but of course we have to take a lot of measures. We have to be sure that they do not take us toward protectionism.

There are also ideas like: we cannot go towards a self-sufficiency of Europe. In the context of the supply chain, I am very grateful to Malte Lohan because you are the first to say that it was in Europe also that we had the supply chain disruption and problems. because normally when we talk about that, we think of China. It is very important to realise that the supply chain logic failed also here, so we also have to think internally in the single market how we can react. The good thing is that the Commission proposes the review of the EU trade policy, which is under consultation.

I hope that this is a Forum, where European companies participate in the consultation. Because I think it is very important what type of trade strategy we will develop, being still in the middle of the crisis. The logic for the supply chains is an extremely important and difficult issue. The constructive part of this trade strategy is that we have to diversify our trade, we have to develop more FTAs. This is very clearly on our agenda, but at the same time we have to develop cautiously in way that is not causing damage, but is really helping our business.

We also have to increase our efforts to improve the efficiency of our defensive instruments. We have a toolbox but not everybody thinks that this is a well-functioning toolbox of defence instruments, because we are going to probably see more and more public foreign subsidies for traded goods which come to Europe.

We already see a lot of public subsidies in foreign investments that are coming to Europe. We have to build a coalition for the WTO reforms, and the Commission is making substantial efforts to have it happen. We are also looking at the efficiency of screening at members' state level. We are talking about defensive instruments.

So there are many things that in normal times we would say " what are you doing?" but now we are doing it. We have to be very careful that we are not using this defence for protectionist objectives. That they are not used by companies that wanted to survive thanks to the support, because competitiveness should remain our main goal.

What is good also in our discussion is that nobody is questioning the continuation of the green and digital transition.

In the WTO, one of the few things that is still moving is e-commerce. I believe that digital trade will be a follow up to hopefully more digital manufacturing which we will also have in the future.

Commissioner Phil Hogan is very active. As regards American partnership we have a lot of dialogue and webinars with American Congress and the European Parliament. We are trying to be ready if the change comes and we will be ready.

The last meeting on China was a failure and we have to reset our relations with China, but we are looking on this geo-political framework for the trade. I personally think that we should create conditions that would allow companies, firms and enterprises, to see where we can diversify in our supply chains and where we can shorten supply chains.

I am afraid that having this obsession with the supply chains now, might lead to a situation where the changes will not be bottom-up. That they will not come from you. I think, that you should be, as a business community, very active on this issue.

If we are going to end up with more local resourcing playing a more important role we cannot forget about the costs and the competitiveness. We are planning to strengthen the trade system and practice. The instruments which will now be introduced and used, will have a lasting impact. Because we do not change trade strategy every year.

I think that is why it is important for manufacturing not only to look toward financing, as important as it is, but also looks at what type of instruments we are going to use because they will stay with us for a while. You will have a new strategy at the enterprise level, at sectorial level and you will have to take into account many new factors that are now produced by us at European level and national level.

A lot of what is happening is in terms of the financing funding, in terms of criteria that are being used. It might not be easy to switch all that off once we are going back to a more "normal" situation. You

have to be very cautious and you must tell us from time to time that “you are taking the wrong way ahead”.

So we count on you and I think that we should use our Forum probably more actively now to listen to your ideas, because we are all in a new situation.

We have to understand each other’s views. That is what I wanted to share with you.



Jutta PAULUS MEP, (Greens, Germany), Environment, Public Health & Food Safety Committee, Substitute Industry, Research & Energy Committee

It is very important to say that I do believe that we can only stay competitive if we transform our economy.

We must maintain our leadership of the green industry which we still have today, although we lost nearly all the solar industry and we are on the brink of maybe losing the wind industry too. In Germany this is due to the discouraging legislation which happened in the German Parliament.

Climate action is not only a debate for a survival of civilisation. We should try taking it seriously - now, that we can see what the scientists predicted in their models to take place in 2060 or 2080 is already visible today in northern Siberia, right at this moment where temperatures are 20 or 30 degrees higher than normal.

People all over the world are grasping this though and bracing for that reality. People today ought to stand up to their governments and say “please do something about it”.

Now, this is the chance for the European industries to place themselves at the forefront of this, because if you look at what we have already in Green technology, in treatment of waste, in recycling, in resource efficiency, renewable energy we can really make use of this knowledge and enhance our position.

We should also use this opportunity to become more resilient. This crisis has shown to us all how quickly far stretched delivery chains can break.

For instance, in Germany, the car industry closed their doors in the pandemic, not because of the pandemic in itself. It was simply because they did not get any parts, because China had closed its factories.

We should take this opportunity to be more resource efficient, reusing what we have, more energy efficient and become less dependent on fossil fuel imports and of course with the circular economy we can increase the value creation within Europe.

We should grasp this opportunity, not only look at the disadvantages, of the obstacles.

We have a huge task before us, of course. To transform the chemical industry and the steel industry, which are very energy intensive and need a lot of resources, will need big efforts.

Of course, this will not going to be easy - but I do not see any other way.

It is best to work on the transition instead of clinging to the past



Vlad-Marius BOTOȘ MEP (Renew Europe, Romania) Internal Market and Consumer Protection Committee

Thank you for the invitation. It is always a pleasure to talk about the manufacturing in Europe since I came in politics straight from the manufacturing sector, more exactly from the automotive sector.

This crisis has shown that the manufacturing is important in the European Union. We need to acknowledge the importance of globalization, but, in the same time, we have realized that international trade can not be enough in times of crisis.

At this moment we need to restart our economy, we need to restart the production, but we also need to change in this respect.

It is not just about how will we get back to normal, but what “normal” will be. It is clear we need to change the laws so that the strategic manufacturing will remain or come back to European Union. We need to have some independency in a lot of sectors, in order to ensure both the economic security in times of crisis and the security of jobs.

The manufacturing will get the full support in the recovery period through the Next Generation EU plan, but I am well aware that some of the small and medium size enterprises would need help as we speak.

I can tell you that the Commission and the Parliament are trying to take a decision as soon as possible on the React EU plan and there will be a Council meeting in 2 weeks time for this topic.

We are talking, as you know, about €55 billion of additional cohesion policy funding between 2020 and 2022. We are all trying to do our best so this money will be available and to be spent this year.

We have the Recovery and Resilience Facility, another €560 billion of which €310 billion is for grants and €250 billion in loans.

Sure, the industry will have to face two very difficult issues. One is the crisis, but there is also the green transformation of the Union.

For the last one there will also be financial instruments for support: the Just Transition Fund, up to €40 billion, the Invest EU programme, and solvency support instrument. I am sure you already know them, maybe even better than us.

I wanted to be here today, not to tell you what you already know, but to let you know that the manufacturing is on the top of our priorities. I said it before and I will say it again, I am a friend of the production sector, of the manufacturers and of the industry as long as we can work together for a cleaner Europe.

I know it is important to support the manufacturers, in order to have a good, stable economy, and to encourage them to produce more and more ecological products.

I know we need to become green, but I also know that you can find the best ways to take us there as long as you feel part of the team.

This is why I am telling you to feel free to give us your in-put and your suggestions on all the problems that affect your community. We will listen and try to find the best possible solution.

Nicolás GONZALEZ CASARES MEP (S&D, Spain), Industry, Research & Energy Committee, Substitute Environment Committee



Thank you, Martina Dlabajová and thank you to the European Forum for Manufacturing. My first invitation to speak in the European Parliament was also with the European Forum for Manufacturing.

Industry has the capacity to help address demographic challenges by reducing the regional dependence on other sectors less productive than manufacturing. There are 36 million jobs linked to European industry but today large industrial sectors like steel, aluminium, automotive, are facing unfair competition from other countries. For examples, in Spain, today we are facing the closure of some factories.

In the past we fixed a target for industry for 2020 in Europe of 20% of GDP. This is now unachievable. We have to do things to mitigate the crisis caused by Covid-19.

The crisis has revealed the global supply chain dependencies, particularly the pharmaceuticals, raw materials, food commodities and electronics sectors. It also increased the problems of the regions which are dependent on those sectors.

Yesterday, Spain closed 7 coal plants in one day. There is a need to find a balance between ecological transition and industrial recovery.

So, the Green Deal offers us the framework for a European industrial recovery and to ensure our leadership in low carbon technologies.

Of course, digitalisation must be promoted. The EU is not leading in this sector. Digitalisation and artificial intelligence offer opportunities. This process also needs to promote social justice. Priority needs to be given to the regions and workers most affected by the decarbonisation of the economy.

Barry ANDREWS MEP (Renew Europe, Ireland), International Trade Committee



The crisis has been hugely challenging for the manufacturing sector for many reasons. Lockdown prevented the labour force from being able to go to work, global supply chains were disrupted and demand plummeted.

The effects of this crisis are ongoing, and continue to provide challenges for the manufacturing sector. However, we should also see this as an opportunity to reflect on our previous policies and develop new and better policies that reflect the Europe we want to be once we emerge from this crisis.

From a trade perspective, Renew Europe is pursuing a strategy of “open strategic autonomy” which we believe will facilitate the recovery process and do so in a way which is in line with our European priorities.

This involves:

- Maximising competitiveness of EU manufacturing sector by providing a level playing field - through our existing instruments such as trade defence measures and new instruments such as the ones proposed in the Commission's recently published white paper on foreign subsidies.
- Encouraging manufacturers to diversify their supply chains to achieve greater resilience.
- Strengthening the multilateral system to provide a predictable, rules-based trading environment. This includes ensuring that all measures taken domestically are WTO compatible.
- Providing preferential access to markets of third countries through network of trade agreements. It will include better enforcement of existing FTAs - Chief Trade Enforcement Officer
- Promoting the green transition and the digital transition.

The Trade Policy Review was recently launched – I would encourage European manufacturers to engage with process.

Draft Report on the new Long-Term Strategy for Europe's Industrial Future:

The INTA Opinion to the draft report on the new long-term strategy for Europe's industrial future was voted on in the INTA committee last Thursday. There was broad cooperation between the various political groups resulting in eleven Compromise Amendments - all of which were adopted.

The Opinion was very much in line with the idea that we should use this opportunity to build back better, not simply return to how things were before the crisis.

For example, there continues to be a strong commitment to European industry but the report also called upon them to actively contribute to the European Green Deal and emphasized that social rights, digitalisation and environmental policies are interlinked with European industry.

The opinion also emphasizes the need for an open and predictable trading environment. Our group continues to support the Commission in its efforts to reform the World Trade Organisation and unblock the Appellate Body.



Iskra MIHAYLOVA MEP (Vice-Chair Renew Europe, Bulgaria) Industry, Research & Energy Committee

I wish to make a point about Digitalisation of Manufacturing.

The digital transition of SMEs in manufacturing is crucial because only 17% to 23% of European SMEs use digital technologies in their production cycle and new technologies.

We need to create a strong link between manufacturing and research and innovation. This is strongly supported by the European Commission.

This is a question of research and development, successful competition and a fair market.



Ondřej KOVAŘÍK MEP (Renew Europe, Czech Republic) Economic & Monetary Affairs Committee, Substitute Transport Committee

One of the key challenges is not only for the recovery phase but maybe also in the mid and long term there would be the need to guarantee the stability of the financial sector and for there to be access to finance for those companies who need it.

Right now we are in the most acute phase of the crisis and there are a lot of public aids available.

We have huge programmes. We are discussing the Recovery Plan in the form of Next Generation EU from the Commission, the influence of the Multiannual Financial Framework (MFF) and the huge national budget injection into the economy. These will last only for a limited period of time.

We are talking also about what is crucial in order to maintain the high level of manufacturing industry in Europe which is actually how to make sure that the recovery will help us to modernise the companies.

This is also in terms of the possibility to access finance.

I see the crisis as an opportunity and a sort of catalyst for issues that we have been discussing for a long time.

Now we see that we have to speed up and we need to come to conclusions on those issues. This is including the financial sector.

We already have some good public policies that may help, I will mention the SURE instrument, the SME window in invest EU, and at the same time we need to speed up the access to private finance such as equity and venture capital.

The companies may survive this acute crisis but only if there is enough liquidity available to them.

Only then can we say that the recovery phase was successful and we will be able to restart the economy again.



Pietro FIOCCHI MEP (ECR, Italy), Environment, Public Health & Food Safety Committee, Substitute Industry, Research & Energy Committee

There are two points I would like to make.

First that we need to act fast as Europe, because the situation as in my country Italy, is terrible. There are a lot of small, especially micro enterprises which are really suffering.

Second there is a problem which has never been discussed. Which is criminality. In this situation with a lot of entrepreneurs, a lot of cash and liquidity, the danger is that it goes into the hands of criminals. It is not only Italy but we need to be extremely careful.

Michael BLOSS MEP (Greens, Germany), Shadow Rapporteur, 'A New Industrial Strategy for Europe', Industry, Research & Energy Committee, Substitute Environment, Public Health & Food Safety Committee



The manufacturing sector is the backbone of the European economy. It makes it resilient in crisis, but it is under a lot of pressure today. Even before the pandemic, Europe needed an update of our industrial pattern, with investments to make our society and economy future proof, resilient and sustainable.

With the Recovery Package we should invest in this update. The EU Recovery Plan needs to trigger the right investments and close the investment gap estimated already before the crisis at €180 billion annually.

It is time to align our investment with our climate commitments and build an effective governance with the European Climate Law. The next 10 years are the foundation for the new European industrial revolution of decarbonisation. So that zero-carbon products and the fundamentals for a zero-carbon world will be produced in Europe by the manufacturing sector.



Maria SPYRAKI MEP (EPP, Greece), Vice Chair EP China Delegation, Industry, Research & Energy Committee

*(She was unable to attend at the last minute and wished to speak to the following points)*

The COVID pandemic as a reminder of the long-term repercussions of a globalized supply chain.

The role of the EU's Industrial Strategy in the reorientation and adjustment of the EU production model

The Green Deal as an opportunity for the green transition of industry and its challenges.

The role of the Recovery Fund in an effort to repatriate EU businesses.

Paolo Falcioni, APPLiA, Director General,

At a time when we discuss about recovery, it would be important to look at issues which could potentially impact negatively the recovery. One of those issues is the Carbon Border Adjustment Mechanism.

If poorly implemented, it would make products manufactured in EU more expensive than imported ones, de-facto pushing manufacturing outside EU. What could the Parliament do to avoid this?





Riccardo Viaggi , CECE, Secretary General

My question for MEPs relates to the Commission's political leadership and adequacy in solving industry's real concerns in unprecedented emergency situations and in the framework of its industrial policy. This personal doubt originates from an ongoing negative experience for the manufacturing sector of non-road mobile machinery (NRMM) which includes equipment for construction, material handling, farming, gardening, municipal services and generator sets.

Indeed, on 25 March, an industry coalition alerted the Commission about the enormous disruptions and factory closures in Europe, which made it impossible for manufactures to comply with certain deadlines within Regulation 1628/2016 on Stage V emissions.

This called for a quick one-article legislative amendment, with no impact on environmental and air quality since the engines have already been manufactured and stocked. This request was met by a collaborative and attentive attitude by DG GROW, which prepared the amendment in relatively short-scale. However, the file was blocked and delayed at higher levels, clarification requests were ignored and industry was confronted with short-sightedness from the highest levels of the EC political leadership. In mid-April, with a looming deadline and tremendous legal uncertainty, industry called on European Commission President von der Leyen to take responsibility and help manufacturers face the crisis.

From an inter-institutional point of view, the situation was also frustrating. Member States' representatives unanimously supported the request and informed the Commission of it, just like MEPs who showed public support in a bipartisan fashion. Indeed, NRMM manufacturers were supported by MEPs locally and in Brussels through direct letters addressed to Commissioner Breton and the EC President. These were also ignored, just like the priority question for written answer that received a reply eight weeks later. Finally the Commission sat on a viable legislative proposal and released the text on 2 June, ten weeks after the first alert by industry and only four weeks before the entry into force of the deadlines in question. The file is still evolving within the ENVI Committee, but thanks to willingness to adopt it quickly by the co-legislators, industry expects the EP Plenary's urgency procedure vote on 8 July.

It is regrettable that this revised Regulation will (hopefully) enter into force with a retroactive clause in July, thus creating legal uncertainty, which was easily avoidable if the Commission leadership had acted in the decisive and timely manner that is expected of it. In light of this, manufacturers wonder how the Commission will go about its most ambitious industrial strategy goals when it cannot even tackle swiftly the unintended consequences of its own Regulation in times of emergency. We hope that the Parliament can retain that role of relay of industry's real concerns, most of all when the Commission will lack decisive action again in our uncertain post-COVID future.

## CONCLUDING REMARKS

Martina DLABAJOVA MEP

I think that we have seen how important it is to combine different perspectives from different Committees. I think that on the Recovery Plan, the combination across the committees, across different programmes and across different funds will be crucial. This is what we see in this debate as well.

I feel from all contributions and from all that has been said that now even more than ever we urgently need to have more debates and more exchanges between industry and MEPs. It was important before Covid-19 but it is even more important now.

Today you saw an example of a small virtual roundtable, which is different type of event. Usually we have Roundtable with a wide range of industry speakers, Commission representatives, Presidency, and of course MEPs.

What will be very good I must say, as an MEP would be to have more MEPs who feel that European manufacturing, as such, has a crucial part to play in the Recovery and that we need MEPs who are advocating that.

So, the European Forum for Manufacturing will over the next six months endeavour to build awareness of European Manufacturing; provide support for MEPs with concrete examples; and unlock the level of interest of European manufacturing in the Parliament as well as mobilise support for our programmes.

We would like to talk to have more exchanges like this because I can say now, from the ITRE point of view, we are meeting very regularly. We have a lot of meetings, both at coordinator level and at Committee level. We have now only worked at a distance but what we are missing is the exchange with colleagues with concrete examples and specific experience from the manufacturing. This would be very useful for us.

I think then we will be at a stage where the debate will be on. We will know what the Council is going to say later in July and how the Council is going to react. I guess that my colleagues from ITRE will be working more on compromises on the files on Industrial strategy, so we can discuss it further. I think that we should somehow underline the points made today and I have a long list of priorities that I heard from you.

I am happy that we are on the same lines but we should not forget some things that the Commission was missing in the Recovery Plan.

Danuta HÜBNER MEP

In defence of the European Commission – legal acts are very difficult in shaping our activity.

What we need are concrete examples. Influence of the business community is the way it will work and we will need transparency.

We should have more meetings, we need a new quality and intensity of dialogue. We should not underestimate the number of decisions we are making.

Antony Fell, EUROPEAN FORUM FOR MANUFACTURING, Secretary General

Thank you for a very fruitful Exchange on Managing the Crisis & Manufacturing the Recovery today.

The next EFM meeting – will be a virtual one, on Wednesday 2 September 18h30 – 20h00 on Recovery and the New Industrial Policy

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